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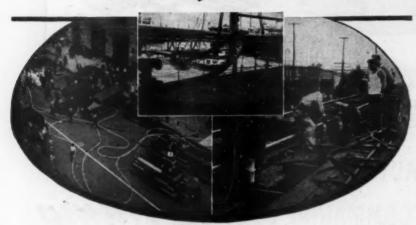
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BUSINESS WEEK

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President Truman's latest cabinet shakeup is a tipoff to his plans for reorganizing the government. It also throws some light on his preparations for the 1948 campaign for reelection.

After peremptorily inviting Henry Morgenthau to vacate the Treasury, Truman designated Fred M. Vinson, head of the Office of War Mobilization & Reconversion, as the next secretary. For the past year or so, the war mobilizer probably has been the most important figure on the domestic scene, next to the President. The Treasury has played second fiddle since the start of the war, but Truman's action in shifting Vinson from OWMR to the nation's top financial post is a good indication of how he rates the comparative importance of the two agencies in the future.

Truman wants his own men around him, and he wants them in the permanent cabinet, not in the semi-independent agencies that sprang up under agencies as fast as he can—faster perhaps than the logic of the situation

would dictate.

Strengthening the Party

The President is trying to get capable men, but he is careful to choose them from the party regulars. He knows that, unlike Roosevelt, he can't depend on a devoted personal following to keep him in office. His chances of reelection depend on the Democratic organization, and he will miss no opportunities to strengthen it.

The renovation of the cabinet and subcabinet won't end for some time yet. Interior Secretary Harold L. Ickes and Secretary of War Henry L. Stimson are scheduled for more or less graceful retirement after Truman returns from Europe. Morgenthau was to have had the same period of grace, but demanded an immediate showdown and got it.

Ickes probably will be eased out somewhat more gently than Morgenthau after he has been to England to renegotiate the Anglo-American oil treaty. Actually, the renegotiation could be handled by mail—most of the changes affect only domestic issues—but it provides a good exit line for Ickes.

Mutually Satisfactory

Harry Hopkins' resignation as special assistant to the President (page 17) satisfied both Hopkins and Truman.

Hopkins wanted to get out, partly because of his health, partly because he was strictly Roosevelt's man, partly because he doesn't get along with James F. Byrnes, the new Secretary of State. Truman could have kept him if he wished, at least until after the Big Three conference, but he didn't try.

Snyder May Move Up

Truman went off to the Berlin conference leaving the question of who will succeed Vinson in OWMR hanging in the air. One possibility is that he will move Federal Loan Administrator John Snyder in as war mobilizer.

In that case, Walter J. Cummings, Chicago banker, who handled the reopening of the banks in 1933 and later became chairman of the Federal Deposit Insurance Corp., will be a strong contender for Snyder's present job.



THE JOBHOLDER

Fred M. Vinson, now Director of War Mobilization & Reconversion, will take his fourth job in a little less than six months when he moves in as Secretary of the Treasury. The first, Economic Stabilization Director, he held for over a year; the next, Federal Loan Administrator, lasted a month before an appointment as War Mobilization Director in April. Having served during his days in Congress as head of the tax subcommittee of the House Ways & Means Committee, he is an old hand at taxation—the Treasury's biggest future problem.

When Truman left, however, there was every indication that he had scarcely thought about the problem.

PIVOTAL APPOINTMENT

The sudden retirement of Supreme Court Justice Owen J. Roberts has no political implications. Roberts, once the pivot man who stood between evenly balanced conservative and liberal blocs, now finds himself a lonely dissenter in a court that runs off in all legal directions. He simply is tired of it.

Truman's choice of a successor for Roberts may show whether his intensely practical political theories have any ideological twist, either to the left or to the right, since this is an issue hard to sidestep in making a court appointment. The odds favor the selection of a Republican, since the court traditionally is bipartisan, but party affiliation in this case will be less important than the legal philosophy of the new justice.

The leading candidate for the court if Truman picks a Republican is Sen. Warren Austin of Vermont. Democratic possibilities include former Sen. Sherman Minton of Indiana; former Sen. Sam Bratton of New Mexico; and Sen. Carl Hatch of New Mexico.

DISPIRITING

Distillers are likely to find that they have a holiday and can't do anything with it. The July beverage alcohol holiday, during which registered distillers may make 100% and industrial plants 50% of their capacity into potable spirits, probably will be extended. But Clinton P. Anderson, the new Secretary of Agriculture, has notified the War Production Board that after this month he will not approve the use of any grain for liquor.

Distillers already are forbidden to use sugar. Under Anderson's policy, they will get no corn and only enough other grain to fill the minimum industrial needs. The industry has some grain on hand, but not enough to continue the 59,000,000-proof-gal.-a-month rate it is hitting during the current holiday.

CMP FOR GERMANY?

One proposal that President Truman is taking with him to the Big Three conference is a plan prepared by an **ROLLING ON**

borrowed time

BYALL NORMAL STANDARDS, thousands of trucks now carrying war loads would logically have been consigned to the junkpile long ago.

For a nation dependent on motor transport, this would have been a major calamity. But thanks to the untiring effort of the men and women of the trucking industry, it wasn't allowed to happen.

The trucking industry is to be congratulated for the way it has kept over-age and overworked trucks serving America, in spite of limitations on manpower, equipment and gasoline quality.

Just as the war has dramatically spotlighted the importance of transportation, so too has it brought home the importance of the part gasoline plays in our national economy. We of Ethyl are glad to have been able to contribute to the improvement of engines and fuels in the past . . . and look forward to continuing both this research work and our cooperative efforts with truck operators and manufacturers in the future.



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WASHINGTON BULLETIN (Continued)

interdepartmental committee which suggests that Germany be allowed to retain her heavy industry, but that it be limited strictly to supplying the German market.

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An Allied control commission would police 17 major German industries—including armament, iron and steel, nonferrous metals, coal, aircraft, light metals, electric power, common components, machine tools, automobiles. For these industries, there would be no stockpiling and no exports. Controls would be administered through a detailed system of allocations and reports, roughly similar to WPB's Controlled Materials Plan. To insure compliance, there would be spot checks on inventory and border guards to watch for exports.

Light industry in Germany would be encouraged, to make it dependent on foreign materials and markets.

SOAP SUPPLIES DWINDLE

The War Food Administration and OPA are hopping mad at Herbert H. Lehman's public suggestion that soap be rationed. Lehman's statement, which reflected concern of the United Nations Relief & Rehabilitation Administration over its inability to get all the soap needed for foreign relief, has aggravated the domestic shortage which was already bad enough.

Soap rationing presents many problems (a town with hard water may use up three times as much soap per capita as one with soft), and it's something that WFA and OPA don't even like to think about except as a last resort. Current production of soap would be adequate if the supply situation weren't aggravated by hoarding, and rationing still gravated by hoarding, and rationing still sin't in the cards. Soap producers probably will be told to use rosin (which is also scarce)—and other extenders—to spread their fats and oils as thin as pos-

CREDIT CONTROLS

The Federal Reserve Board's order boosting stock market margins from 50% to 75% doesn't mean that the broader program for credit controls on capital assets (BW-Jul.7'45,p5) has been abandoned. Federal Reserve officials have an independent responsibility for controlling margin transactions and acted on their own account.

The comprehensive program for control of capital values-which includes proposals for 35% down payments on urban real estate and 70% on farm land as well as 100% margins on stock purchases—is still before the Budget Bureau. It probably will be passed along to President Truman soon after he returns from the Big Three conference.

When Vinson Takes Over

Sponsors of the program think that they will have a better chance of putting it through when Fred M. Vinson takes over as Secretary of the Treasury. Under Henry Morgenthau, the Treasury has never been keen on capital asset controls. Vinson, however, backed the program when he was Director of Economic Stabilization and can be expected to swing the Treasury behind it now. He also may be willing to tackle Congress on the question of tightening the capital gains tax, a point on which Morgenthau balked.

CLIENT FOR ARNOLD?

When Justice Thurman Arnold quit the federal Court of Appeals last week to go into private practice, Washington legal circles immediately began buzzing with the rumor that one of his clients would be hard-hitting, unorthodox Robert R. Young, head of Alleghany Corp. and through it boss of several railroads, best known of which is the Chesapeake & Ohio (BW-Jun.30'45,p66).

Although denied by C.&O., the rumor makes more sense than might appear on first bounce. Arnold is the dramatic former chief of the Justice Dept.'s Antitrust Division, high priest of trustbusting. His partner is Arne C. Wiprud, just resigned as transportation chief in the Antitrust Division, who drafted the pending suit against the western railroads (BW—Sep.9'44,p32). Young, who has made a career of smashing prece-

In Prospect: Changed Antitrust Strategy

Although Tom C. Clark, President Truman's new Attorney General, has pledged that there will be "no relaxation" in the Justice Dept.'s antitrust crusade, business can expect an accelerated retreat from some of the policies which characterized the Antitrust Division in the rootin'tootin' days of Thurman Arnold.

Even some of Arnold's colleagues felt a little unhappy about the tactics he sometimes used in his effort to get results. Wendell Berge, Arnold's successor (except for a brief interregnum when Clark, himself, headed the division), has been more conservative in his methods.

• Winner of Cases—Clark is expected to encourage caution. The new Attorney General prides himself on winning his cases, hence is expected to be more careful about bringing them. He prefers to catch malefactors red-handed rather than to test cases of borderline legality.

Most criticized of Amold's policies was that of using a criminal indictment to "force" a consent decree. Amold felt that most civil suits were taken too casually. He preferred to file criminal suits, then dismiss them if the defendants agreed to a satisfactory consent decree in a substitute civil action.

Arnold regarded consent decrees as a means of getting a measure of necessary stability in individual industries within the spirit of the antitrust laws (BW-Mar.25'39,p14). He was fond of referring to them as "constructive solutions of economic problems." They had the additional advantage of stretching the Antitrust Division's limited budget.

• Change of Tactics—Arnold modified his tactics somewhat in his later days as antitrust chief, and the division's practices have been modified still further by Berge, who thinks that the Justice Dept. should not bring a suit unless it is fully prepared to litigate.

Clark's feeling that a man who is guilty should be prosecuted to the full limit of the law and that a man whose guilt is in doubt should be left in peace will militate against too-frequent or too-casual use of the consent decree device in future antitrust suits.

• Modus Vivendi—The consent decree will not vanish entirely, however. Members of the antitrust staff feel that business often favors the consent decree as a means of providing a modus vivendi within the law. It substitutes for court decisions (which often leave the participants in an antitrust action hung up on a general command to go forth and sin no more) specific rules of conduct to be followed.



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dents, is on the outs with other railroad executives. Attorneys for his C. & O. already are studying the question of whether or not the road should quit the eastern rate-making conference after the war.

In combination, Young and Arnold might well smash the solid front that railroads have always presented to efforts to change their rate-making methods.

TIN OUTPUT LAGS

WPB is urging reconversion industries to find substitutes for tin (silver-lead solders, aluminum, etc.) which is now critically scarce. A big new tin salvage campaign will get under way on Aug. 1.

Tin always has been the laggard among wartime salvage programs. There's too little money and too much trouble in it. Tin recovery plants are now operating at 50% of capacity or less.

SMALL MAN'S FRIENDS

Congressional champions of small business, finding the field somewhat crowded, are beginning to concentrate on the tax angle, leaving such rivals as Maury Maverick, chairman of Smaller War Plants Corp., and Secretary of Commerce Henry Wallace to boost the old idea of government-guaranteed loans.

One suggestion that congressmen are advancing is that an investor be allowed a deduction of some sort from his personal income tax for anything he puts into a small enterprise. Other proposals include long-run carry-forwards of losses and accelerated depreciation of new equipment.

None of these schemes is likely to get into the tax adjustment bill just passed by the House and now pending in the Senate. Administration strategy calls for staving off any concessions at the present time and hustling this bill through on a noncontroversial basis before the Sept. 15 collection date. Small business, like most other taxpayers, will have to wait until the next tax bill comes up to get its innings.

-Business Week's Washington Bureau

THE COVER

Stealing a long lead, Ford was out in front last week with the first new car to come off assembly lines since the war—and his head start touched off a big rush by other producers to catch up with him (page 21).



for example

Hamilton Text and Cover Papers—Andorra, Victorian, Kilmory, and Weycroft—will provide post-war advertisers with distinctive printing surfaces at moderate costs. Their versatility will be limited only by the creative ingenuity of those who must sell by the printed medium. Menus, for example... announcements, books, booklets, brochures, programs, folders... here will be "good papers for good business."

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HAMILTON PAPERS



HE OUTLOOK

JUSINESS WEEK



Steel for reconversion is back pretty much in the position it was before the July 1 "open-ending" of the Controlled Materials Plan.

That's the practical effect of the War Production Board's "freeze" on sheet and strip orders (page 18). More than three-quarters of civilian demand for steel is in these products; orders are banned until further notice.

What happened is this. WPB threw steel open to all comers rather than risk slowing reconversion. Cancellation of war orders didn't free any appreciable mill capacity. An utterly chaotic situation developed, so WPB froze flat steel to avoid putting CMP back in full force.

Now WPB and the mills are sifting all business on the books for:

- (1) Buyers who have placed orders with more than one mill in an effort to find the supplier who can make the earliest delivery.
- (2) Hoarders who haven't canceled orders for military steel even though their arms contracts have been cut or terminated.

Failure of steel ingot production to get back above 90% of capacity isn't helping WPB any in its drive for more flat-rolled products.

Output this week is estimated at 89%, third week in four to fall below 90%. Hot weather, absenteeism, sporadic wildcat strikes, and urgent repairs all are cutting into ingot production (BW—Jun.16'45,p9).

Operations at 89% for the third quarter would cut by 750,000 to 900,-000 tons the amount of finished steel WPB had hoped for in this period.

Hope is widespread in the metal trade that the steel situation, despite the present tangle, may suddenly straighten out within a few weeks.

Supply-demand situations in other metals bolster these hopes.

Take zinc, for example. Shipments to consuming plants in March hit a record of 94,494 tons. In June they were down to 54,478.

Zinc is still tight, according to WPB's press releases, but the trade feels differently. June production topped shipments by more than 12,000 tons and stocks have risen to 183,136 tons.

Actually, we would be using more zinc if steel sheets were available for galvanizing; unsatisfied demand for galvanized products is large.

Dealers in London are asking the government to restore free markets in some metals, and traders in this country would like to follow suit.

There is a drawback here, however. OPA shows no disposition to remove ceilings until it is sure a price can move but one way—down. That is not, to metal men, the ideal definition of a free market.

OPA's ideas may be discerned from its thinking on aluminum, magnesium, and quicksilver. It sees no further need of ceiling prices on the light metals (BW—Jul.7'45,p17) because huge government-owned capacity will tend to hold prices down. And quicksilver, recently around \$145 a flask, is about \$50 below the ceiling.

Military needs for midget dry cells, in which quicksilver is an important component, have sent demand for the metal to all-time highs. But large imports from Spain (the trade doesn't know how much) socked the price.

Construction interests are becoming increasingly concerned over the proposals to curb real estate turnover. High down payments, they are convinced, would be a serious handicap to home building. Speculators always have put

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Flexibility is imperative, builders insist, if curbs are imposed.

One way out, many feel, would be to let some agency adjust down payments up and down as the Federal Reserve does stock market margins and the cash-and-term restrictions on instalment merchandise.

Farm cash income for 1945 promises practically to duplicate last year's record even though total crop and livestock production will be smaller.

Prices—recently 5% to 6% above 1944—are the compensating factor. Indications are that demand will continue to outstrip supply for most important cash crops beyond the year end. This, agricultural economists believe, will aid government efforts to keep prices up.

Even so, there will be spottiness in the farm income pattern. Receipts on hogs, vital to the Corn Belt, were down 7% in the first half of the year. And the 1945 take on cotton almost certainly will be lower because estimated acreage is off 10% to the lowest level of modern times.

Truck farmers probably will equal or exceed last year's record production, and prices are holding a bit above 1944. There also is a prospective 10% gain in the potato harvest with prices at ceilings.

Should soft spots appear, relief for Europe will provide a prop.

Supplies of pork will continue far short of demand, but improvement may be expected before the fall run to slaughter begins.

Hogs have been held back from market because of (a) ample corn supplies at favorable prices and (b) the extension of top support prices to heavy hogs. Now more fed-up porkers are coming to market.

The yield of meat will go up—but that of lard will go up faster.

Meanwhile, yeal and beef supplies continue ahead of a year ago.

Main worry of the new Secretary of Agriculture, Clinton P. Anderson, in trying to boost hog numbers next year is the corn crop (page 19).

There was even less labor for seeding corn this year, and the spring weather was just as difficult as last. Result is a reduction of over 5,000,000 in estimated acreage to 92,229,000 acres.

The government's crop estimate, published on Tuesday, indicates a drop of nearly 550,000,000 bu. from last year's record crop, but some of that can be made up with good weather. Last year's harvest, it will be recalled, topped the July estimate by a quarter million bushels.

An underlying factor of strength in this stock market that isn't generally appreciated: Wall Street is rather pleased with the Truman appointees.

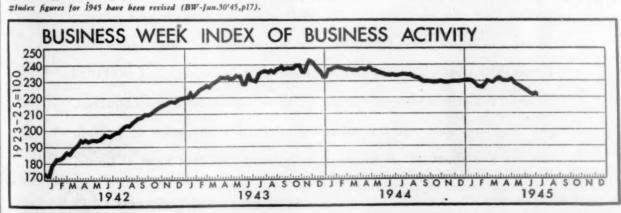
True, there is no hint that Roosevelt reforms will be rescinded. Yet the new members of the official family are mostly party wheel horses; they aren't the type to kick over the applecart.

Stock buyers who bank on inflation should note two dyed-in-the-wool hold-the-liners in key spots, Byrnes in State and Vinson in Treasury.

Another thing: Being politicians, when they look for tax revenues they will go to corporations' tills rather than individuals' wallets.

FIGURES OF THE WEEK

| | § Latest Week | Preceding Week | Month Ago | 6 Months Ago | Year Ago |
|---|------------------|-------------------|--------------|-----------------|-------------|
| THE INDEX (see chart below) | *222.8 | †223.5 | #225.2 | *231.5 | 234.6 |
| PRODUCTION | | | | | |
| Steel Ingot Operations (% of capacity) | 00.0 | 00.3 | 00.0 | | |
| | 89.0 | 88.1 | 90.0 | 91.6 | 95.3 |
| Production of Automobiles and Trucks | 14,365 | 19,115 | 19,580 | 19,735 | 14,600 |
| Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands) | \$7,315 | \$7,759 | \$6,897 | \$4,322 | \$6,256 |
| Electric Power Output (million kilowatt-hours) | 3,978 | 4,353 | 4,327 | 4,427 | 3,941 |
| Crude Oil (daily average, 1,000 bbls.) | 4,886 | 4,903 | 4,853 | 4,679 | 4,579 |
| Bituminous Coal (daily average, 1,000 tons) | 1,992 | 1,962 | 2,043 | 1,691 | 1,981 |
| TRADE | | | | | |
| Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars) | 84 | 84 | 86 | 78 | 84 |
| All Other Carloadings (daily average, 1,000 cars) | 65 | 63 | 62 | 48 | 65 |
| Money in Circulation (Wednesday series, millions) | \$26,834 | \$26,628 | \$26,513 | \$25,326 | \$22,598 |
| Department Store Sales (change from same week of preceding year) | +16% | +21% | +4% | +12% | +11% |
| Business Failures (Dun & Bradstreet, number) | 9 | 14 | 12 | 19 | 21 |
| PRICES (Average for the week) | | | | | |
| Spot Commodity Index (Moody's, Dec. 31, 1931=100) | 256.6 | 256.3 | 257.7 | 254.7 | 240.4 |
| Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100) | 166,6 | 166.5 | 166.3 | | 249.4 |
| Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100) | 227.2 | 1227.0 | 228.0 | 166.4 | 165.2 |
| Finished Steel Composite (Steel, ton) | \$58.27 | \$58.27 | \$58.27 | 224.3 | 224.4 |
| | \$19.17 | | | \$56.73 | \$56.73 |
| Scrap Steel Composite (Iron Age, ton). | | \$19.17 | \$18.92 | \$19.17 | \$19.17 |
| Copper (electrolytic, Connecticut Valley, lb.). | 12.000¢ | 12.000¢ | 12.000¢ | 12.000¢ | 12.000¢ |
| Wheat (Kansas City, bu.) | \$1.60 | \$1.65 | \$1.70 | \$1.63 | \$1.52 |
| Sugar (raw, delivered New York, lb.) | 3.75e | 3.75¢ | 3.75¢ | 3.75¢ | 3.74¢ |
| Cotton (middling, ten designated markets, lb.) | 22.61¢ | 22.48e | 22.79¢ | 21.83∉ | 21.99¢ |
| Wool Tops (New York, lb.) | \$1.330 | \$1.330 | \$1.330 | \$1.340 | \$1.340 |
| Rubber (ribbed smoked sheets, New York, lb.) | 22.50¢ | 22.50¢ | 22.50¢ | 22.50€ | 22.50¢ |
| FINANCE | | | | | |
| 90 Stocks, Price Index (Standard & Poor's Corp.) | 119.1 | †119.0 | 118.6 | 107.5 | 105.0 |
| Medium Grade Corporate Bond Yield (30 Baa issues, Moody's) | 3.27% | 3.27% | 3.30% | 3.47% | 3.57% |
| High Grade Corporate Bond Yield (30 Aaa issues, Moody's) | 2.60% | 2.60% | 2.61% | 2.70% | 2.72% |
| Call Loans Renewal Rate, N. Y. Stock Exchange (daily average) | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate) | 1% | 3% | 3% | 1% | 1% |
| BANKING (Millions of dollars) | | | | | |
| Demand Deposits Adjusted, reporting member banks | 35,875 | 36,367 | 40,683 | 34,667 | 32,561 |
| Total Loans and Investments, reporting member banks. | 64,291 | 63,537 | 58,254 | 59,887 | 56,262 |
| Commercial and Agricultural Loans, reporting member banks | 5,936 | 5,918 | 5,818 | 6,415 | 6,037 |
| Securities Loans, reporting member banks | 5,481 | 5,317 | 3,510 | 3,739 | 3,742 |
| U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks | 47,116 | 46,543 | 43,296 | 44,323 | 41,048 |
| Other Securities Held, reporting member banks | 3,132 | 3,159 | 3,072 | 2,934 | 2,921 |
| Excess Reserves, all member banks (Wednesday series) | 1,700 | 1,300 | 1,180 | 1,158 | 1,355 |
| Total Federal Reserve Credit Outstanding (Wednesday series) | 22,249 | 22,211 | 22,207 | 19,470 | 15,085 |
| | | | | | |
| * Preliminary, week ended July 7th. Revised. Ceiling fixed by government. | B Date | for "Latest | Week" on | each series | om request. |





AMERICAN MORTAR CREW IN ACTION ON PACIFIC BATTLEFRONT. SOLDIER AT LEFT IS GETTING TELEPHONE REPORTS FROM AN OBSERVER.

Millions of Military Telephones

In the last five years the Bell System has furnished millions of telephones for war, including 1,325,000 head sets for air and ground forces and more than 1,500,000 microphones. . . . Also more than 1,000,000 airplane radio transmitters and receivers . . . 4,000,000 miles of telephone wire in cables . . . a vast quantity of switchboards, gun directors and secret combat equipment. That helps to explain why we are short of all kinds of telephone facilities here at home.

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BUSINESS WEEK

NUMBER 828

JULY 14, 1945

No Monopoly in Ocean Airlines

Allocation of North Atlantic routes to three U.S. carriers sets official policy on overseas air commerce, rejects proposal for single flag line in favor of competition in postwar service.

Uncertainty over what course the U.S. will take in its quest for its share of overseas air commerce has ended. The quasijudicial Civil Aeronautics Board awarded last week, with President Truman's approval, three North Atlantic routes to as many U.S. air carriers.

routes to as many U. S. air carriers.

Three Carriers Picked—The coveted routes go to Pan American Airways, until now the only permanently certificated U. S. overseas air carrier, American Export Airlines, and Transcontinental & Western Air. Acquisition of control in American Export by American Airlines was approved in a simultaneous decision. Thus, the board has rejected the "chosen instrument" theory, which would vest U. S. overseas air service in a single carrier, in favor of a measure of competition.

In doing so, the board has gone ahead on the basis of present law without waiting for Congress finally to resolve the heated, long-debated issue of whether this country's interests in international air commerce would best be safeguarded by a single flag line or by several competitors. The board acted, however, with virtual certainty that Congress will not do anything to upset its decision.

• Single Service Rejected—The day after CAB's announcement of the new routes.

the Senate Commerce Committee rejected legislation backed by Sen. Pat McCarran which would create a single overseas air service, All-American Flag Line, Inc., in which all United States airlines would have a chance to participate. By a vote of 10 to 9 the committee also rejected a substitute measure_designed to keep domestic and international lines from entering each other's field of service.

McCarran will fight to save the community company bill, but with little chance of success. It has already spent nearly two years in committee. The President acted on CAB's route allocation only after getting a clearance from Commerce Committee Chairman Josiah W Bailey

Thus the way seems clear for development of international air transport under the Civil Aeronautics Act of 1938, which calls for "competition to the extent necessary to assure the sound development of an air transportation system." This is the principle on which the board based its North Atlantic route awards. The same principle will govern the board's actions in the Latin-American route case (now up for decision), and in the South Atlantic and Pacific and U. S.-Hawaii route cases in

which CAB is waiting for examiners'

• Experience Considered—In dividing up the North Atlantic, the board awarded routes to those lines which, in its opinion, are best equipped from the standpoint of managerial and technical experience and financial soundness.

Pan American's application was backed by years of experience as the only U. S. overseas line. American Export was the first company to break into Pan American's monopoly, with a temporary commercial certificate to fly the North Atlantic (BW-Jul.27'40, p24). During the war American Export has operated, on temporary certificates, commercially and for the armed services. The Intercontinental Division of TWA has just completed its 7,777th ocean flight for the Army's Air Transport Command.

• On Area Basis—The routes were awarded on an area basis. They assign American Export to northern Europe, Scandinavia, and Russia; Pan American to central Europe, the Middle East, and northern India; TWA to Eire, France, southern Europe, the Iberian peninsula, areas of North Africa, the Middle East, and southern India.

Parallel competition among all three carriers is restricted to the U.S.-to-Foynes (Ireland) hop; between Pan American and American Export from Foynes to London; between TWA and Pan American from the U.S. to Lisbon. TWA's extension to Bombay was opposed by board member Harllee Branch, who otherwise concurred in the board's decision, on the ground that it



HARD LINES

Waiting—just for standing room on trains in Grand Central Station or for a chance to buy meat (page 19) at a market in the Bronx—becomes a chief occupation not

only of New Yorkers but of most U.S. civilians as the pinch on commodities and services tightens. This week Secretary of Agriculture Anderson expressed hope of alleviating the meat shortage, but redeployment of troops clamped new restrictions on train travel (page 17).



CLEVELAND HELPS ITSELF TO A MOUNTAIN

From the summit, two Jones & Laughlin Steel Co. guards just watch as a city shovel bites into a mountain of steel mill slag which greets visitors to Cleveland arriving in the downtown section via the city's Shore Drive. Since the refuse was dumped by the company on land claimed by the city, ownership of the pile is in dispute. Cleveland, nevertheless, is moving in to help itself to 53,000 cu. yd. to bolster up the shore line near the municipal stadium; the company has made no move to halt the removal. The amount will be scarcely half of the huge pile which has accumulated since the start of the war.

might prove a financial burden to the line's international system.

· Seven-Year Limit-Each certification is limited to seven years, whereas previous certificates have been either permanent or temporary with no time limit. In announcing the seven-year limit, the board said, "The certificates issued in this proceeding should not be of a fixed and inflexible nature but should be of such character as to permit necessary revisions, and at the same time provide a framework which will allow a proper development of American international air transportation to Europe." In limiting the certificates, the board has left the door open to possible future competition.

Each line is given, significantly, the six U. S. co-terminals of Chicago, De-troit, Washington, Philadelphia, New York, and Boston. This breaks the historic custom of stopping international

carriers at the coast.

 Arbitrary Allocations—CAB found "no clear-cut basis" for its allocation of areas and assigned them more or less arbitrarily with the comment that any one of the three carriers could provide the service needed over any of the three routes.

The board did not adhere strictly, however, to the route requests of the lines themselves. TWA came closest to getting what it wanted. Pan American had asked for the northern route granted Export, through Iceland and Scandinavia to Moscow. Export wanted the route through the Mediterranean and beyond Cairo to Singapore.

The board rejected North Atlantic route applications from three airlines-Northeast, Pennsylvania-Central, and National-and from other applicants without commercial airline experience. Applications by American and Export were considered in light of the acquisition application, which offered the board the alternatives of authorizing either company to conduct the proposed service independently or of granting a certificate to Export and approving its control by American. The board chose the latter course.

Of the Big Four domestic airlines two, United and Eastern, did not apply for North Atlantic routes. Eastern wants to extend its service South. United, only domestic company which lined up with Pan American in favor of the Mc-Carran community company bill (BW-Oct.9'43,p18), is seeking a route to

• Two Hurdles Remain-There are still two major hurdles before commercial service on the new North Atlantic routes can get under way. One involves diplomacy-transit, landing, and commercial rights in foreign countries. The other is the availability of equipment.

The U.S. has bilateral aviation agreements with Canada, Denmark, Iceland, Ireland, Spain, and Sweden. The last five of these cover the four freedoms as drawn at the International Civil Aviation Conference at Chicago-privileges of transit; technical stop; mutual commercial entry with passengers, mail, and cargo; and intermediate traffic pickup. The agreement with neighboring Canada gives the U.S. the right of transit and nontraffic use of its airports for transocean travel, plus cross-border routes. Pan American has an exclusive agreement with Portugal.

• Rights Abroad-The U.S. has the right of transit and of technical stop in the United Kingdom, Norway, the Netherlands, Czechoslovakia, Iraq, Czechoslovakia,

India, and Turkey.

The State Dept. hopes that CAB's route allocation has paved the way for discussions with 15 or 20 countries with which the U.S. does not have agree-

Expectation is that by the time the three companies are ready to begin regular operations the State Dept. will have worked out bilateral agreements with the countries their routes traverse.

The State Dept. is not at present negotiating with Russia and this is one place where trouble could develop.

• Four Competing Nations-Principal argument advanced in favor of the chosen instrument theory has been that a single flag line would be in a better position to compete with foreign lines (which would be eligible for reciprocal commercial rights in this country under the various bilateral agreements).

For the immediate future, the prospect of foreign competition seems to be limited to four countries-Britain, Sweden, the Netherlands, and France. British Overseas Airways Corp. already flies to this country. Sweden is making survey flights. The Netherlands' KLM asked CAB permission months ago for a permanent authority to come to the U.S., and France has indicated a desire for the same privilege

• Key Factor-Availability of equipment, a wartime headache to domestic operators, is the key factor in determining how soon North Atlantic service on the new routes can start. Pan American and American Export are making full use of their present fleets, and TWA's five four-engine Boeing Stratoliners are working hard in its domestic transcon-

tinental service.

The board's action is expected to precipitate release by the Army of an eventual total of 20 C-54's, cargo version of the Douglas DC4 (which would require conversion). The first of these probably won't be available before August. Export plans to use Lockheed Constellations and Constitutions eventually

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and hopes to get delivery on some Constellations by next spring.

Work on meteorological stations and other ground arrangements also must get under way. Best guess is that, if equipment is forthcoming soon, familiarization flights might start around the first of the year to be followed by regular commercial service.

• Costs Vary-What peacetime transatlantic air service will look like is still

pretty much conjecture.

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Types of aircraft used in cost estimates vary; passenger capacity estimates alone range from 40 to 50 persons to well over 100. Estimates of plane mile revenues range from about \$1.20 a mile to about \$3.25 a mile, and place mile costs from \$1.20 to \$2.65. Traffic ton-mile revenue estimates range from about 68¢ a ton mile for smaller planes to 38¢ for larger. At present Pan American's fare from New York to London and New York to Lisbon is \$603.75.

The three airlines contended, in their applications to CAB, that the services they proposed could operate without

government subsidy.

• Old Edict Obeyed—In acquiring control of American Export Airlines, American Airlines acquires, for \$3,000,000, 51.4% of the 233,331 shares of outstanding capital stock of American Export. American Export Lines, Inc., the

steamship company which organized the airline (BW-Jan.20'40,p23), retains 24% of its stock.

This agreement complies with the board's order, of July, 1942, that American Export divest itself of control in the airline under the edict of the Civil Aeronautics Act that, with certain exceptions, surface transportation companies shall not control airlines.

Pinch on Travel

Army movements preclude any early relief, and ODT will follow up the Pullman edict with other restrictions if needed.

Redeployment—which is the five-dollar word for the transfer of men and munitions from Europe to Asia—is nothing more nor less than a problem in transportation. This week the meaning of redeployment came to the ordinary civilian. From now on, he will understand that it means a severe pinch on transportation.

As long as troops are overseas, the headaches of moving them fall to the military. As soon as they get back to this country, they start using the domes-

tic transportation system, already straining at the rivets.

• One Step at a Time—The Office of Defense Transportation is prepared to clamp on more and more restrictions as the situation tightens. Its latest and most important move is the order, effective July 15, knocking out Pullman sleeper service on all trips of less than 450 mi. This follows closely on the previous order setting five days (instead of 30) as the limit on advance reservations.

The reservation limit is designed to shake out vacation trippers. The ban on short-run sleepers has the more direct purpose of freeing Pullmans for military use. Its effects will be more impressive than they seem at first appraisal. Altogether, about 895 sleepers will be released. Added to those which the Army is already using, this will put about 5,000 of the country's 7,500 sleeping cars (including 1,200 troop sleepers) at the disposal of the military.

• What Happens—The Army hasn't actually taken over the sleepers, although it amounts to that. Pullman has always maintained a pool of cars in addition to those assigned to regular runs. It used these for peak loads, replacements, and specials. The Army is now using the entire pool all the time. The cars taken off the short night hauls will go back into that pool, which means that the Army gets them.

Pullman operates these cars, just as it does other sleepers. It is paid at tourist rates on the basis of space taken.

• Knocked Out—The ODT order knocks out some 200 sleeper runs, including such popular overnight hauls as New York-Washington—which carries about 1,000 passengers, mostly businessmen, each night—and New York-Buffalo ("To Niagara in a sleeper; there's no honeymoon that's cheaper"). Other casualties include Cleveland-St. Louis, Chicago-Detroit, Chicago-Twin Cities, St. Louis-Memphis, New Orleans-Houston, Seattle-Portland.

Cutting out the short overnight hauls will hit businessmen especially hard. Salesmen and executives with a lot of traveling to do always have looked on the sleeper runs as a way of conserving working time. ODT's move also will throw an extra strain on hotels and on airlines. One airline reports that applications for short haul reservations have jumped five times since the order was announced.

ODT, which banks heavily on psychology, has no reluctance about playing on the prospective traveler's imagination if it thinks that will discourage him, but this time it isn't inventing any-

• In Terms of Rides—The Army plans to move some 3,000,000 men through



HOPKINS SEWS UP A NEW CAREER

Harry Hopkins, adviser at the White House for more than a decade, has a new job—impartial chairman of the New York women's coat and suit industry. As chairman he'll be arbiter on collective agreements in the industry which embraces 50,000 employees, 1,300 employers with an estimated annual production of \$500,000,000. Hopkins succeeds James J. Walker, will make a reported \$25,000 a year or \$10,000 more than his Washington salary.

the country in the ten months begin-

ning last May.

The railroads figure that the 3,000,000 returning soldiers will require about 12,500,000 separate rides. Solid troop trains take the returning soldiers from the port to a staging area. Then the soldier goes in an organized movement—usually in a troop train—to the personnel center nearest his home. This is probably not more than six hours from his home, so that there isn't any question of reservations for the trip from personnel center to home. At the end of his furlough, he returns to the same personnel center and then goes in organized movements to assembly center, staging area, and finally to ship-side. He is on his own only during the short trips between the personnel center and his home.

Servicemen traveling on their own account get no priority, and few travel Pullman because their cut-rate furlough tickets are good only in coaches.

Organized movements alone will take more equipment than peacetime traffic men ever imagined they could assemble. The last time the Queen Elizabeth docked, it brought back 13,500 men. It took 21 solid trains to move them out of New-York-233 coaches and tourist cars, 34 kitchen cars, 42 baggage cars.

• Traffic Peak in the Fall-Troop movements are supposed to hit their peak around November, when organized moves will account for about 1,500,000 men a month—the previous record was 1,100,000 in August, 1943. Individual soldiers traveling on furlough or special orders will bring the total up to about

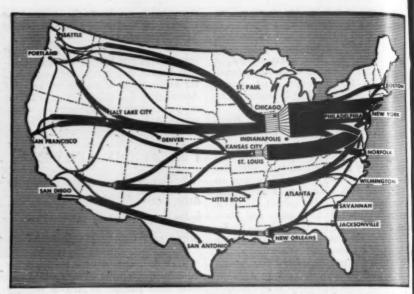
2,000,000.

Actually, the return of troops from Europe is running way ahead of schedule, and the peak traffic may come in the early autumn. The original plan was to get about 200,000 men back in June and another 300,000 in July. Instead, the Army managed to return about 340,000 from May 20 through June 30, and it expects the July total to run at least 325,000.

• Civilian Travel-All this hits the rail-

• Civilian Travel-All this hits the railroads just as they are swamped with the heaviest civilian passenger travel in their history. In 1941, the roads operated about 29,350,000,000 passenger miles. Last year, they racked up a total of 95,575,000,000. The prediction for 1945, including military movements, is 100,000,000,000.

As far as the individual traveler is concerned, this means that getting around will be just that much harder from now on. Reservations will be harder to get. And the five-day limit will play hob with lining up a trip in advance. Coaches will be more crowded. The man who sat on the arm of a seat



Why travel conditions worsen as the redeployment of troops hits its stride is illustrated by an Office of Defense Transportation map: tapering rail facilities as trains roll west, and increasing bottlenecks for the big job.

on his last trip probably will stand in the vestibule the next time he travels the same train.

• Other Measures—Whether or not ODT comes out with new regulations depends on how things go for the next few months. Traffic experts think that closing out the short-haul sleepers will ease the situation considerably. As a next step, ODT might draw on the longer overnight hauls. The last resort—dreaded alike by ODT and the rail-roads—is travel rationing. That still seems out of the question unless everything else is tested and fails.

Freight traffic also will feel a squeeze as redeployment hits its stride. During the period when we are building stockpiles in the Pacific, military freight moving by rail will climb from about 9,600,000 tons a month to 11,000,000 tons or better. The peak will come

around April, 1946.

Reversal of Flow-For freight and passenger traffic alike, one of the biggest difficulties is in making the stream of supply flow westward instead of eastward

Western roads have been preparing for the coming rush, installing centralized traffic control, building sidings, and improving their feeder network. But all traffic moving to West Coast parts has to cross the mountains by one of seven routes, and each of those routes has stretches of single track (BW-Nov.24'44,p98). In the coming months, those seven transmountain lines will be the worst strained components of an already hard-driven transportation system.

Strip Freeze

Rolling mills can't accept orders for sheet and strip for two months. WPB moves quickly to avert bottleneck.

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The tight situation in sheet and strip steel promises to be the first real test of WPB's ability to break reconversion bottlenecks. Knowing this, production officials are tackling it with everything they have.

• Two-Month Freeze—WPB's first step was to lower the limit on sheet and strip inventories from 60 days' supply to 45 days, thus stretching another 15 days' supply out of the system. This week, it followed up with a regulation freezing the order books of steel rolling mills during August and September for five kinds of sheet and strip.

Under the terms of the freeze, the mills are forbidden to accept any new orders for delivery in the next two months. WPB will use the period to check up on orders for sheet and strip to make sure that its regulations are being observed. It also will keep close track of the open space at the mills that results from contract terminations and from the shortening of inventories. As open space shows up, WPB will reopen the order books.

A few manufacturers with good reasons for wanting to place additional third-quarter orders may find themselves shut out by the freeze, but most

18

users are supposed to have their orders on the books already.

• Lag in Reporting—Along with the inventory regulation and the order book freeze will go a new compliance drive, aimed primarily at manufacturers who have failed to cancel their Controlled Materials Plan tickets after losing their war business (BW—Mar.10'45, (p17). WPB suspects that military cutbacks are not percolating back to the steel mills as fast as they should. And in some cases orders for steel products that are in fairly easy supply have been switched to lines that still are tight.

WPB isn't counting on inventory controls and compliance drives alone to clear up the sheet steel bottleneck. It has prodded the War Manpower Commission into a recruitment drive, designed to bring another 2,000 men into the rolling mills. These extra men, WPB figures, could increase output of strip and sheet by about 80,000 tons a month, which would come close to satisfying the estimated reconversion demand for a total of 350,000 tons during the next four months.

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• New Facilities—WPB also expects the steel industry to put in about \$55,000,000 worth of new facilities for flat rolled finished products. It has approved 39 projects so far, involving about \$34,000,000.

Blue Crop Report

Anderson's food program threatened by prospect of the smallest corn crop since 1941. Picture has some bright spots.

A gloomy midseason crop report threatens to knock the bottom out of Secretary of Agriculture Clinton P. Anderson's program for increasing meat production in 1946.

Anderson's plans were based on the hope that there would be enough feed available to support a general increase in all kinds of livestock next year. Now, the July crop report—the first one based on actual estimates of acreage planted—shows that while some food crops are bigger than last year's, the corn crop (needed for production of meats, milk, and eggs next winter) probably will be the smallest since 1941. The forecast for corn is only 2,685,328,000 bu.

• Slim Prospect—Present estimates put the 1945-46 supply of corn (crop plus carryover) at less than 3,100,000,000 bu. This is practically the same as the estimated total disappearance for farm and industrial uses in 1944-45.

Unless feeding of corn for livestock

production is reduced during the next 15 months, there will be no corn carryover at all at the end of the 1945-46 marketing year. Anderson commented that the forecast for corn is smaller than the reports he has been receiving from other officials in the department.

A reduced supply of feed would preclude an increase in the 1946 spring pig crop for the production of pork and lard during the following fall and winter. As things stand already, hog farmers may fail to go through with the 12% increase in the 1945 fall pig crop (for marketing in the summer of 1946) which they reported to the Agriculture Dept. last month (BW-Jun.30'45,p42).

• Will Affect Herds, Too-Lacking suf-

• Will Affect Herds, Too—Lacking sufficient feed, farmers would also cull cow herds and poultry flocks more heavily than in 1944. This would cut 1946 production of milk and eggs.

duction of milk and eggs.

A brighter side of the feed supply picture is a record crop of 1,418,993,000 bu. of oats, though the crops of corn and oats combined are nearly 300,000,000 bu. smaller than in 1944. The barley crop also is smaller, and acreage

of grain sorghums is down.

The crop board's estimate boosts the 1945 wheat crop to a record 1,128,690,000 bu. plus carryover. The total supply through next June would be 1,450,000,000 bu., or about the same as in 1944-45.

• Disappearance—Last year's disappearance of wheat (including large quantities fed to livestock) totaled about 1,100,000,000 bu. This year's disappearance will increase in direct proportion to whatever increases are shown in exports and in the quantity fed.

It is practically certain that by fall the department will resume the sale of wheat for livestock feeding. These sales had been discontinued last April, a factor that largely accounts for the record receipts of corn at primary markets (239,000,000 bu.) during the first six months of 1945.

The score on other food grains includes a record 74,784,000 bu. of rice, but a smaller-than-average, 27,327,000-bu., crop of rye.

• More Potatoes—Plenty of potatoes are in the picture for next fall and winter unless early frost hits the late planted acreage. Meanwhile, the production in 37 intermediate and late states is forecast at 344,525,000 bu.—up nearly 23,000,000 bu. from 1944.

But the crop of sweet potatoes will be smaller-64,077,000 bu.; likewise the crops of dry beans (15,052,000 bags) and dry peas (6,532,000 bags).

Production of fresh vegetables is a mixture of good and bad, with a total about 4% larger this summer than last.

• Vegetable Outlook—"Comparatively large supplies of snap beans, beets,



Two steers in the Milwaukee stockyards demonstrate one major reason for the shortage of beef, particularly of good beef. The grassfed steer (left) will dress out less than half as much meat as the cornfed steer (right)—and the grass beef will be tough. At prewar prices, a Corn Belt feeder made good profits purchasing range cattle, feeding them until they became good beef; today's price levels make feeding too dangerous for comfort. The feeder's problem is simple mathematics. He buys a 600-lb. steer at 13½¢ for \$81, gets it up to 900 lb. by putting \$75 worth of feed into it, resells it for 17½¢ per lb. (the best price he can hope to get after so brief a warm-up) for \$157.50 or a profit of \$1.50 for six months' work. Most feeders don't dare take a chance on that kind of margin because of the hazards of bovine death and sickness.

BUSINESS WEEK . July 14, 1945

cantaloupes, carrots, cauliflower, sweet corn, lettuce, green peppers, and water-melons are expected to be available for fresh sale during the next three months; "average or better" supplies of celery, eggplant, early summer onions, and tomatoes; but "below average" supplies of green lima beans, cucumbers, green peas, and spinach.

On the canning crop front, a record 462,540 tons of green peas for processing (against 380,000 tons in 1944) was indicated by early July growing conditions, along with 251,300 tons of snap beans (against 226,700 tons in 1944).

Nearly 2,110,000 acres are being grown to eleven processing vegetables, -up 2% from last year's total.

• Fruit Expectations—Fruit crop prospects also are mixed, with the total for eight deciduous fruits down 13%, principally because of the smallest commercial crop of apples on government record—only 69,962,000 bu. against 124,754,000 bu. last year.

Peaches, in contrast, show a record 80,432,000 bu. against last year's 75,-963,000 bu. Large crops of pears, grapes, sweet cherries, and prunes are expected, but a record shortage of sour cherries is indicated.

The July 1 condition of citrus crops was above average in California, Arizona, and Texas, but below average in

• Tobacco and Cotton-Tobacco is expected to make almost as big a crop as in 1944-about 1,890,000,000 lb., but

the cotton crop may be the smallest in many years, on an estimated 18,355,000 acres—the smallest acreage since 1885.

Acreages of soybeans and peanuts are about the same this year as last, but carryover stocks are small, and this year's yields uncertain.

Big production increases are reported for flaxseed (up 40%) and sugar beets (up 32%).

Willow Run Co-op

Detroit auto workers want to lease idle bomber plant for manufacture of railway cars now, prefab houses later.

In an effort to provide employment in the gigantic Willow Run bomber plant, Local 50 of the C.I.O. United Auto Workers Union has organized a producer cooperative which will seek to lease and operate the facilities for manufacture of railroad rolling stock now and prefabricated housing later.

• Independent of Union—The co-op will take its plans to the Defense Plant Corp. and the Reconstruction Finance Corp. in the next week or two. Details are not yet completed, but developers of the idea expect to stress heavily the need for rolling stock at this time, the availability of manpower at the plant, and the rosy outlook for job creation in

the enterprise. The idea of leasing a surplus war plant will not be a novelty to RFC which has rented a huge plant at Philadelphia to Edward G. Budd Mfg. Co. for the building of railway cars (page 68).

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The producer co-op would run as a management division of Local 50, technically independent from either the local or the parent international union.

• Capital a Problem—A possible stumbling block in operating capital for the enterprise has not yet been removed. The local was reported to have upwards of \$50,000 in its treasury when it became an organizational orphan by the closing of Willow Run late in June. Expenditure of this money on attempts to keep the plant in operation was authorized. Any balance might be plumped into the co-op's treasury.

The international board of the U.A.W. might conceivably advance funds for the organization's experiment, but any such sum would be small measured in terms of requirements for operating a plant as large as that at Willow Run.

• New Agencies Proposed—One way around this dilemma is hinted in another portion of a program developed for Willow Run, and other closed war plants, by Walter P. Reuther, union vice-president, and Brendon Sexton, president of moribund Local 50. This newest Reuther plan calls for creation of two federal agencies similar to the Tennessee Valley Authority, one to be known as the Railroad Equipment Production Authority the other as Housing Production Authority.

Both agencies would function under government auspices as operator of unneeded war plants, or as a lessor of such plants to private industry or to worker

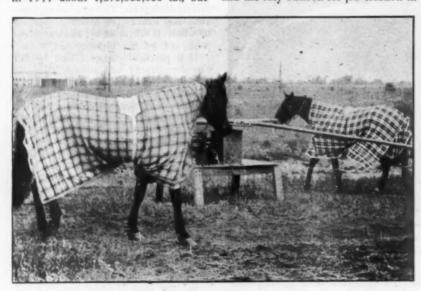
• With U.S. Aid—The Willow Run co-op would deal at the start with the proposed REPA, inasmuch as it would concentrate on railroad rolling stock to relieve the present national transportation problem. It is claimed that freight cars, coaches, and sleepers could be rolling out of Willow Run within 90 days.

ing out of Willow Run within 90 days.

REPA would sell the production of Willow Run and other such plants to railroads at prices competitive with efficient private industry, or would lease rolling stock under terms "providing incentives for efficient operation."

The suggested HPA would sell houses to individuals at prices permitting a small return on the government investment, and would also develop low-cost housing projects in cooperation with federal, state, and municipal agencies.

These two authorities would be financed by congressional grant, by sale of bonds as in the case of TVA, by sale of products, and by RFC loan.



NO HUMAN HAND TO GUIDE THEM

And now the mechanical stableboy—offspring of the labor shortage. Devised by one stable at Roosevelt Raceway, Westbury, N. Y., to cool down bangtails after exercising, the "stableboy" is an electric merry-go-round made up of a motor and reduction gears which revolve four hitching posts (above). The mechanical walker, similar to those used for fancy cattle, releases four men.

Detroit Scramble

Car makers move to catch up with Ford's surprise start, but lack of OPA pricing policy agitates the entire industry.

The auto industry is rushing its reconversion to passenger car production in efforts to catch up with the surprise head start of Ford Motor Co., whose unveiling of 1946 models last week (cover) came on the third day of WPB's

go-ahead period.

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Other companies will follow Ford's pacemaking announcement soon. Wilvs-Overland is scheduled to unveil its combination car-power unit-tractortruck next week. Pontiac is reportedly getting geared up. The general situa-tion suggests that the mass-volume, lower priced cars will come out ahead of the expensive, limited-volume types. • The Pricing Problem-The accelerated preparations for manufacturing in most plants are proceeding in the face of plenty of problems. The latest ones to crop up were being discussed this week at an industry advisory committee meeting in Washington.

High on that agenda was pricing policy. Up to now the Office of Price Administration has stood for maintenance of 1941 prices; OPA's proposal is that increased costs should be absorbed by narrowed profit margins (BW-Apr.

14'45,p15).

OPA and the industry are fast be-coming mutually irritated by delays in setting a formal pricing policy. price agency feels that it is unable to get solid information on which to base formula. A Washington team will go to Detroit later this month to get down to bedrock on the matter, perhaps partly as insurance for OPA later on if the auto people try to blame Washington for pricing delays.

The auto companies do not want to furnish data on production costs of the sort called for by OPA, on the grounds that this information, which has always been closely guarded, is highly competitive, the essence of administrative know-how. They are willing to demonstrate how their expenses have risen, but beyond that they are pres-

ently standing pat.

• Dealers Fear Pinch-Dealers have entered this controversy, fearing that if the auto firms are granted a big price increase, some part of it may be squeezed out of narrowed retail sales margins.

Parts makers figure in the picture, too. OPA has not yet set a formula on auto parts prices. At midweek it



Watched by a remnant of a working force which once totaled 42,000, the last and 8.685th B-24 bomber built at Willow Run is hauled from the plant just five days before Ford sent its first "reconversion" car off the assembly line. The first ship was completed laboriously on Sept. 10, 1942. Willow Run's output reached 462 units a month in March, 1944, dwindled at the end to four a day.

looked as though OPA would put prices on finished cars first, leaving the car manufacturers to meet increased demands of their parts suppliers as individual conditions warrant.

That approach would probably encounter no great opposition among the original equipment makers. The parts suppliers figure that generally they have always negotiated their prices competitively, just as they would do if the end prices of cars imposed industry-enforced price ceilings on them. Replacement parts makers, of course, would still lack a formula.

 Sales Await Decision—If no ceiling prices on cars are set by the time distribution begins, probably no sales will immediately be made. Car makers have not shaped policy on what to do if they wind up with cars to sell and no price tags for them, but probably they will simply exhibit them on consignment shipment until prices can be set.

• Tools Still Scarce-Beyond prices, the auto firms are still bothered with manufacturing equipment shortages. Recent cancellations of Russian lend-lease orders for machine tools (BW-May19 '45,p10) improved the auto plants' positions on order books considerably, but did not help much on presses, the biggest machinery bottleneck.

A Washington conference of auto men and WPB reconversionists this week revealed five materials shortages that can become serious when higher auto production levels are authorized: (1) tin, of which the average car uses 8 lb.; (2) cadmium, used for plating; (3) antimony, substitute for tin; (4) burlap; (5) chromic acid.

The industry will get no cadmium at all, but zinc can be substituted. The auto manufacturers will also have to get along without burlap. Chromic acid may be available for plating functional (but not ornamental) parts. Sheet steel is still tight but easing (page 18). Tires

appear to be no problem.

• Ford's Goal-Ford is sailing ahead confident that it will surmount obstacles as it did in the initial reconversion phases that led to car production last week. Its aim is a broad merchandising and manufacturing program for 8,000 cars daily once quota limitations are removed-highest total since the late 1920's when Ford cars were undisputed volume kingpins in the automobile

Production at River Rouge will soon be followed by output on assembly lines in Ford branch plants at Edgewater, N. J., Dallas, Louisville, Buffalo, Chi-cago, and Somerville, Mass., in that rough order. Total company production in August is expected to be "in

the thousands of cars.

By the fourth quarter assemblies should be rolling off the line at a rate around 600 cars daily, which will make it comparatively easy for Ford to produce the 39,910 vehicles allotted to it for the rest of 1945. About 33,000 of these will be Fords, a thousand or so

BUSINESS WEEK . July 14, 1945

Lincolns, and the remainder Mercurys.

New Branch Plants—Meanwhile, two new assembly plants will be under construction (one at St. Louis, the other at Atlanta), with aggregate capacity around 800 units a day. Two other plants will be erected later, one on the West Coast, and the other probably in the East. When these four are completed, Ford will have 17 branch points for assembly work.

Some of the branches will build Lincolns, the first time the luxury car of the Ford line will have been produced outside Detroit. Some branches will produce the Mercury in addition to Lincolns, switching away from the close Ford-Mercury manufacturing relationship of the past.

 Complete Price Range—A year or so from now Ford expects to be producing models in enough price classes to cover the entire range of the industry.

The new light Ford (BW-Oct.28 '44,p16) will probably be edging toward production then, to reach the lowest price market. Two series of Fords will occupy the next rungs of the price lad-

der, one with a 90-hp. 6-cylinder engine, the other with a 100-hp. 8-cylinder engine. These latter two started off the lines last week, the 100-hp. job marking the most powerful car yet put out with a Ford nameplate.

Mercury will have two lines of cars, whose details are as yet unrevealed. At their top end they will challenge the light Buick, and between the two of them the new Mercurys will be competitive with the Pontiac-Olds-Stude-baker-DeSoto price class.

At the top of the Ford price struc-

New Automobiles-But Only on Priority This Year

Even though the first Ford has come off the assembly lines and other car manufacturers are swinging rapidly into production, it's still going to be some months until the ordinary citizen can hope for a replacement for his war-worn jalopy. Certainly until the end of this year the new cars will go only to those who hold a priority, and there are many both in the industry and in Washington—notably in OPA—who feel that Henry P. Nelson, WPB's coordinator of automotive reconversion, was unduly optimistic this week in predicting an end of auto rationing by Jan. 1.

• New Plant Would Help-Expansion of plant facilities, which Nelson acknowledged would have to be undertaken this summer in the interest of peak postwar employment, could markedly improve the outlook for the would-be car purchaser. But it's questionable just how rapidly new plant could be built to achieve an annual rate of 4,000,000 cars a year, twice the rate now contemplated, for the auto men will be given a green light to go ahead on new facilities but will get no priorities on needed materials.

Even on the basis of the 691,018 cars that have been authorized through the first quarter of 1946, car dealers see some hope of satisfying nonpriority customers. And they point to OPA's own car rationing experience to justify that optimism. Early in 1942 the ration pool consisted of about 500,000 new cars (BW-Apr.18'42,p19), and OPA rationing has stretched them to meet the needs of essential drivers for three and one-half years.

With less than 4,000 new '42 models left in the ration pool now, OPA has cut eligibility for ration certificates down to seven categories:

government employees engaged in fire fighting, crime detection, law enenforcement, and mail delivery; doctors; veterinarians; public health nurses; ministers; members of the armed forces who have a certificate. • Loosening Up Later—These same

• Loosening Up Later—These same essential users will continue to take precedence when OPA buckles down to the business of parceling out new production. OPA will not wait, however, until all the needs in these categories have been filled before opening the ration list to other occupations.

Such classifications as salesmen, war workers who must have a car to get to their jobs, repair and maintenance services of one kind and another, photographers, farmers, and sundry delivery services presumably will become eligible for new cars as production increases, These are occupations which were once on the ration list and were knocked off one by one as the ration pool dried up.

One idea which OPA might adopt would set up two or more ration lists. List A would include all the categories now eligible for cars. List B would include the more marginal occupations. For a certain number of days each month ration certificates would be given out only to people on List A—thus giving them the first crack at the cars available for that month. Then List B would come in.

• Break for Salesmen?—Not all occupations will go back onto the ration eligibility list in the same order in which they were dropped. Salesmen, one of the first classifications to be knocked off the list, probably won't be the last to be reinstated, since OPA is sympathetic to arguments that the salesman's role in reconversion entitles him to greater consideration.

Mechanics of rationing will continue much as now. OPA probably will reinstate the quota system of divvying up each month's supply among district and local offices as soon as new production is big enough to support it. Quotas have been temporarily suspended because there isn't enough to go around (BW-Jun.16 '45,p74).

Individual requests for permission to buy a new car will continue to be handled through local ration boards. An applicant can attach anything he likes in the way of documents attesting to his essentiality, need, etc., but OPA's policy is "if you're eligible, you get a car; if you're not, you don't, and the rule still holds."

· May Be on the Spot-Dealers aren't too anxious to see the end of rationing. They figure that this will just put them on the spot instead of OPA. The trade has never been enthusiastic about schemes for doling out the first unrationed production on the basis of advance deposits, war bond pledges, and similar informal 'priority" plans. Manufacturers don't favor such projects, because they can't guarantee when any particular dealer can deliver-or what his price will be-though they are keeping hands off. The National Assn. of Automobile Dealers is neutral but is reminding dealers that any futuredelivery contract should specify that delivery will be subject to any rationing regulations that are then in

Manufacturers are expected to use 1941 shipments as a guide in allocating new production to dealers. They may follow the policy adopted for trucks, allocating 85% of production on this historical pattern basis, and holding out 15% as a kitty to take care of emergencies, such as areas which have expanded during the war.

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You-boat

You're the captain, the navigator, in fact, the whole crew . . . including the engine, too . . . on this "cruise" ship!

Devised for life-guards and longdistance swimmers, the inventor's plan, apparently, was to save them effort. A strange way to go about it, that's pretty clear. Neither good intentions nor complex gadgets can take the place of common sense.

We're all for common-sense methods of preparing payrolls, as well. The Comptometer Check-and-Payroll Plan is based on just such thinking. It's the essence of simplicity, devoid of needless details. An "effort saver" that really does just what those words say!

Instead of endless posting, filing and paper-work, it requires merely a payroll check or a cash envelope. By eliminating cross-work forms, it assures greater safety . . . and gets checks to employees in far quicker time. You'll make full use of your present machines. Find it's more direct, more economical

and . . . easy to put into action.

Your nearest Comptometer Company representative can demonstrate these facts. Why not get in touch with him? The Comptometer, made only by Felt & Tarrant Manufacturing Company, Chicago, is sold exclusively by the Comptometer Company, 1733 N. Paulina Street, Chicago 22, Illinois.

COMPTOMETER

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Adding-Calculating Machines and Methods

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CINDERS at Hurricane Speed pack a WALLOP



Huge "Buffalo" Induced Draft Fan ready to take years of punishment.

... that's why Buffulo

are built to TAKE IT!

• Drawing high-velocity storms of ashes from boiler fire beds year after year without let-up, Induced Draft Fans just bave to be extra tough to stand the persistent erosion. That's why "Buffalo" rotors are designed with extra heavy blades and plates hot-riveted together for solid endurance . . . why they're designed to operate with MAXIMUM efficiency at moderate speeds for added years of practically attention-free service. When new rotors are finally necessary, "Buffalo" housings are easily "taken down" for speedy replacements! For complete description of "Buffalo" Induced Draft Fans, write for Bulletin 3190-B.

BUFFALO FORGE COMPANY

458 BROADWAY, BUFFALO, N. Y.

Canadian Blower & Forge Co., Ltd., Kitchener, Ont.

Buffalo INDUCED DRAFT FANS

ture will be three lines of Lincolns. The topmost line, patterned after the prewar Continental series, will strike again for the luxury market previously shared with custom Cadillacs and Packards. A middle series will be marketed, and the lowest priced Lincoln will reach for the market fed mostly by heavier Buicks and Chryslers before the war.

• Dealerships Separated—All sales will be through a reconstructed dealer organization in which outlets for the three cars will be separated for the first time, with lines flowing up to separate factory organizations.

Dual or even triple dealerships will be found, but only in small towns where volume in the Mercury and Lincoln lines would not justify separate dealerships

To build this organization Ford has a basis of more than 6,000 company dealers in business today, 93% of the number with the company when war broke out.

Reno Challenged

Bid of Las Vegas, Nev., for divorce business is viewed as a more formidable threat than the recent Supreme Court decision.

Widespread speculation that a recent U. S. Supreme Court decision would put a crimp in Reno's bustling divorce traffic has proved unfounded.

In May, the court upheld North Carolina's right to challenge a Nevada divorce on the ground that legal domicile had not been established. Since then, however, 679 divorces have been granted at the Washoe County courthouse in Reno, as against 560 in the same period last year. Apparently the customers are confident that they can steer clear of technical difficulties involved in the North Carolina case.

• From Another Quarter—Actually, Reno has become more fearful of a threat from another quarter. That threat comes from Las Vegas, Nev., which has just hired the J. Walter Thompson advertising agency to lure what is euphemistically called the tourist trade to its night life, its gaming tables, and incidentally its courthouse.

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Estimates of what the divorce business means to Reno run from \$3,000,000 to \$4,000,000 a year. On the surface, there is no rivalry between the two Nevada cities. Yet when Las Vegas set up an \$85,000 publicity fund, Reno countered with a \$100,000 fund to exploit its "cultural" values. This campaign is by no means the first of its kind in Reno's history. In 1940, the

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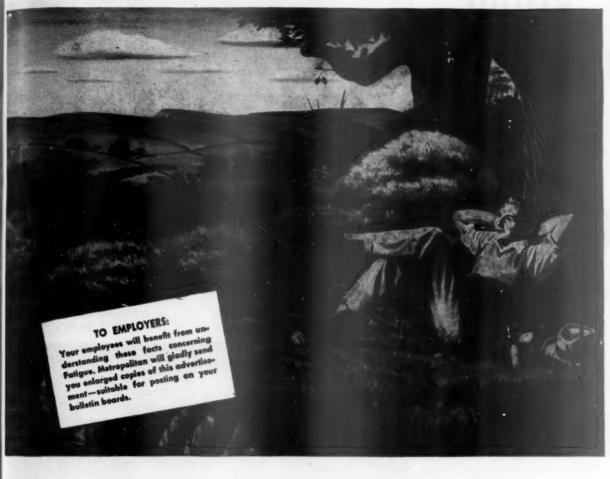
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Man most likely to Succeed ...

To LOOK at him now, you wouldn't think he works so hard - as most of us must in wartime.

But the real reason he can work hard is that he knows when to relax.

Sounds easy, doesn't it?

Yet in these days of strain, more and more people must work harder and use more energy. We should all remember that efficiency drops when fatigue begins. To do our patriotic best, we should, and must, know how to "take it easy" in off

There's no secret to recognizing serious fatigue. Irritability . . . that "all-in" feeling . . . nagging headaches . . . sluggish thinking-all may mean it is time to relax.

Of course if such signs of weariness are occasional, instinct tells you to get a good night's sleep, and you're ready to go again. But if you are chronically tired and listless you shouldSee your doctor, to make sure that some illness like tuberculosis or heart disease isn't the cause. Perhaps he will find some minor and readily corrected cause such as poor eyesight or hearing, bad teeth, foot trouble-even faulty posture. Any of these can place a strain on your system of which you may not even be

Accumulate more energy, by eating adequate meals at regular intervals, including a hearty breakfast. After all, your body's source of useful energy is the food you eat.

Get more sleep - make a habit of getting to bed an hour earlier. Rest briefly during the day if you have a chance. Try and get plenty of fresh air.

Conserve your energy, by avoiding worry, tension, too fast a pace in work or recreation. Emotional control is important, for fear and anger burn up precious energy. Be calm-and above all learn to relax. Let tense muscles go limp from time to time. It is wise to prevent mental fatigue by relaxing your mind with the type of recreation that revives

You can do a better job and enjoy doing it ... if you don't let fatigue tighten

Write for Metropolitan's free booklet, "Fatigue-What To Do About That Tired Feeling."

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YOURS for the asking...



up-to-the-minute data

on FELT

Data sheet No. 13, illustrated above, is the most recent of a series of technical bulletins prepared by American Felt Company engineers concerning the mechanical and applicational properties of Felt.

This data sheet gives authoritative information regarding the behavior of S.A.E. Felts in compression and provides a useful guide to their selection. New and interesting engineering tables show average Load Deformation and Compression Set values in relation to S.A.E. Felt densities.

The performance record of Felt plus its natural adaptability to load-bearing in compression are among the important reasons for its specification for use in Vibration Isolation, Shock Absorption, Cushioning, and Padding. Copies of this important data sheet are now available to engineers . . . yours for the asking.

American Felt Company

General Offices: GLENVILLE, CONN.

New York; Boston; Chicago; Detroit; Philadelphia; Cleveland; Los Angeles; San Francisco; Dallas; St. Louis; Seattle; Atlanta city was advertising its industrial attractions with emphasis on Nevada's low taxes (BW-May11'40,p18).

• Esthetic Value—No less tangible was Reno's condemnation of an enormous, three-faced billboard advertising a Las Vegas hotel; the billboard did not conform to the city building code until the offensive advertising was replaced by posters plugging Reno's July rodeo.

posters plugging Reno's July rodeo.
Such rambling, ranch-type Las Vegas hotels as the Last Frontier, El Rancho Vegas, and the Nevada Biltmore, featuring "sun and fun," are bent on proving that they have the edge over Reno's

more prosaic hostelries.

Last month El Rancho Vegas chartered a plane to "rescue" a divorceseeking Hollywood actress from what she deemed to be inappropriate surroundings in a Reno hotel and fly her to Las Vegas.

• In Terms of Cash—It costs, on the average, \$500 to \$600 to get a divorce in Reno, and this includes the lawyer's fee, court costs, and living expenses. The required period of legal residence has been cut progressively (under the

pressure of competition from such other states as Idaho, Florida, and Arkansas from six months in 1861 to six weeks in 1931.

Counsel fees, like living expenses, vary widely. The State Bar Assn. has suggested \$250, but the criterion scems to be whatever the traffic will bear. The basic fee is said to be about \$100 in Las Vegas, \$150 in Reno. From there it ranges up to about \$5,000 for the average wealthy client, a great deal more for the fabulously rich.

more for the fabulously rich.

• Blue Ribbon—Gloria Vanderbilt is said to have paid \$25,000 for her freedom; Barbara Hutton \$50,000. And Reno lawyers still talk about one \$100,000 fee that was accompanied by the gift of two Cadillac automobiles.

At the other extreme is the fact that homes of Nevada attorneys rarely lack domestic help. Clients who aren't so well-heeled often pay for their divorce with a six-weeks' tour as cook or maid.

In Reno last year, 7,076 decrees were recorded; in Las Vegas, 2,944. In both cities, marriage licenses were issued to



America's divorce capital prepares to stress its "cultural" values . . .



... as Las Vegas, Nev., tells the world about hotels, sunshine, and fun.

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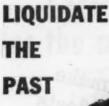


In "water buffaloes," landing barges, "ducks"... it's durability and strength that count. And steel supplies these qualities. Many improved steels have been developed in United States Steel laboratories. And they will someday be yours in knives and forks, washing machines, garden fence, pleasure boats with stainless steel hulls. They'll be marked with the U.S.S Label. Your guide to quality steel.

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AMERICAN BRIDGE COMPANY . AMERICAN STEEL & WIRE COM-PANY · CARNEGIE-ILLINOIS STEEL CORPORATION · COLUMBIA STEEL COMPANY . CYCLONE PENCE DIVISION . FEDERAL SHIPBUILDING & DRY DOCK COMPANY · NATIONAL TUBE COMPANY · OIL WELL SUPPLY COMPANY · TENNESSEE COAL, IRON & RAILROAD COMPANY . UNITED STATES STEEL EXPORT COMPANY . UNITED STATES STEEL PRODUCTS COMPANY UNITED STATES STEEL SUPPLY COMPANY · UNIVERSAL ATLAS

CEMENT COMPANY · VIRGINIA BRIDGE COMPANY





When peace returns, profit-margins will be more sensitive to inefficiency than ever before. Keen competition will demand that rat-holes of waste, hitherto neglected, must be plugged.

The installation . . . now . . . of York-Heat oilfired equipment will give you a decided economyedge in the postwar free-for-all. War-time developments have brought York-Heat Horizontal Rotary Oil-Burners and Industrial Boiler-Burner Units to an all-time peak of efficient, economical performance.

Learn how compact, highly perfected York-Heat, industrial heating and steam-generating equipment can solve pressing production problems ... reduce operating costs ... in your plant, York-Heat engineers are at your call for counsel and modernization-planning.



QUICKER VICTORY

No.

YORK-HEAT

Division of YORK-SHIPLEY, Inc., YORK, Pa.

Member Oil Heat Institute of America

When you want to KNOW...go to an expert!



It's hard to go wrong in purchasing paper of quality...if you solicit your printer's recommendation beforehand! His business demands that he be an expert in selecting paper...which helps to explain the quality reputation Rising papers have earned among printers. And in technical papers, too, Rising quality has long stood out. Rising Paper Company, Housatonic, Mass.

Ask your printer...he KNOWS paper!



Rising Papers

more than twice that many couples (14,613 in Reno, 7,602 in Las Vegas).

• Less Lucrative—Much of the marriage trade is transient. Both cities are convenient to the population centers of California, and in addition Nevada requires no blood test or wait for a license. But, owing to the speed of the procedure, the trade is far less lucrative than the divorce business.

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Before last May's Supreme Court decision, Nevada divorces had been regarded as unassailable because of the Constitution's requirement that cach state give "full faith and credit" to the acts and proceedings of other states. The majority opinion, delivered by Justice Felix Frankfurter, held that North Carolina was "not required to yield" to Nevada's finding that six weeks in a tourist court constituted legal domicile. · An Important Point-Significantly, however, the case involved default decrees (a man and a woman had divorced their respective mates without notifying them of the proceedings). If both husband and wife appear as they do in a majority of cases (even though one appearance is by waiver or power of attorney), the law considers that establishment of legal domicile has been conceded.

Nevada, with approximately 0.1% of the U. S. population, grants more than 2% of U. S. divorces. And, in the country as a whole, the annual ratio of divorces to marriages now runs about one to six.

LOS ANGELES PET CEMETERY Ventura Blvd. near Calabasas

These obituaries tell a heart interest story.

CH. MERCER'S FROITC ON Boston, 14 years. Mrs. M. Louise Mercer and Vivian Mercer, Long Beach, Calif.

CREMATIONS
HONEY BOY Cat, 15 years, Miss Frederica E. Keeler.
MAC KERCHER Scottish Terrier, B years, Mrs. L. A. Berline.
SKIPPER Boston, 16 years. Mr. and Mrs. W. Hugh Ward, Clearwater, Calif.
CHINA Pekingese, 6 years. Mr. and Mrs. D. R. Wilson, Hermasa Beach, Calif.

OFFICE: 837 N. Cahuenga-GR. 8655

R.I.P. FIDO

Bereaved owners pay nothing extra for an obituary (above) in the Sunday papers when they bury their pets in the Los Angeles Pet Cemetery. Overall charge, including casket and grave, runs from \$54.80 up to anything the owner wants to pay for elaborate accessories—even a crypt. Markers are \$17.50 additional. Around 8,000 creatures rest in the 35-acre graveyard; about 2,500 have been cremated.

Deal in Cleaners?

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G. E. reported planning to get controlling interest in Electric Vacuum or sell holdings and set up own facilities.

General Electric Co.'s future relations with Electric Vacuum Cleaner Co., Inc., of Cleveland, which has long manufactured cleaners that G.E. sold under its own trade name, was the subject of trade speculation this week as rumors persisted that G.E. would either:

(1) Expand its present holdings in Electric Vacuum to achieve a controlling interest, or

(2) Sell its existing "substantial minority interest" and establish its own cleaner manufacturing facilities.

• Fits Into Policy—Either move would be in line with G.E.'s policy of decentralizing its appliance department largely by reshuffling production so that appliances of a similar nature will be manufactured at specific plants, or at



HE REMEMBERS WHEN

Recalling the days when penicillin was only a speck on a culture plate, Sir Alexander Fleming, its discoverer, peers into a 10,000-gal. tank of the mold at Squibb's New Brunswick (N. J.) laboratories. The British scientist came to this country to study mass-production methods, largely developed here because facilities in bomb-torn London were scarce. New strains of the mold and speedier production have brought the drug—once so rare—within reach of all.

BUSINESS WEEK . July 14, 1945



cost of a special machine

... by adapting a standard Delta tool

This manufacturer benefits from an ingenious, money-saving production idea, typical of what you can do along these lines:

1. Use standard, low-cost Delta components to build high-production, specialpurpose machines — quickly convertible to other uses when requirements change.

2. Modernize your present machines that are rapidly approaching obsolescence, by replacing worn elements with regular, stock-model Delta components.

3. Utilize the portability and compactness of Delta-Milwaukee Machine Tools, to revise or supplement production-line layouts for more efficient operation.

• By adding a special fixture to a standard Delta-Milwaukee Shaper, J. I. Case Co., Rockford, Ill., solved the problem of shaping magneto timing cams without the delay and heavy capital investment involved in installing an elaborate special machine for the purpose.

Using minimum floor space, this ingenious set-up accurately shapes cams to exact tolerance of .0005". Thus a \$35.00 machine does a job ordinarily done by a grinding machine usually costing about \$1500.00. The addition of a special fixture is required in either case, so the fixture cost remains the same.

This is representative of production ideas that get results in hundreds of plants which employ Delta's modern, flexible approach to tooling, on a wide variety of operations.

Delta's savings in cost, weight, and space are due to modern production methods applied to a large volume of standard models — not to short-cuts in quality.

Low-cost Delta-Milwaukee Machine Tools and the ingenuity of your engi-

neers provide a working combination that results in fast, flexible, economical solutions to production problems.



Delta's 76-page Blue Book provides 140 case histories of war-production experience, to help you more clearly visualize the flexibility of portable, compact Delta-Milwaukee Machine Tools. Also available is a catalog of these low-cost machine tools. Request both, using coupon below.

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| | ase send me my free copies of Delta's 76-page se Book and catalog of low-cost machine tools, |
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Remember?

Unmistakable identification of the tea merchant was the result of a realistic sign. Today, your product must have adequate identification at point-of-sale if your acceptance-creating advertising and promotion are to result in sales. A number of Kaumagraph Products are adaptable for distinctly, attractively and economically marking a long list of materials. For maximum effectiveness of your product identification, you should investigate Kaumagraph methods. To make it easy for you, just send a sample of your product which we will return with experimental marking.



KAUMAGRAPH

RAUMAGRAPH CO., 1919 POPLAR ST., WILMINGTON, DEL. NEW YORK OFFICE . EMPIRE STATE BUILDING, N. Y. 1

Save money time and manpower with Tal's Prestal Pipe Bender steelpipe Plumbing, heating and electrical installations conduit on and maintenance the job work goes faster, easier, and is less costly when a Tal's Prestal Bender is on the job. This do-all, portable machine saves valuable time, eliminates the use of fittings, in one single and reduces welds up to 80%. It bends all iron and simpleeds steel pipe and conduit from
%" to 3"-makes any degree operation bend in one easy operation without moving the pipe, without without heating or filling. Does a workmanlike job—no kinks or wrintles. No wonder thousands of these ties. No wonder mouseness or ness efficient machines are in successful use throughout industry, and by lead-ing contractors. Write for bulletin. TAL'S PRESTAL BENDER, INC. Dept. 24 Milwaukee 2, Wisconsin

least at closely knit plants in a given area.

Thus, the Ft. Wayne (Ind.) plant and others in that immediate area will handle all cooling equipment—refrigerators, air conditioners, deep freezers. Formerly, refrigerators were the combined product of Ft. Wayne, Erie, Pa., and Schenectady. Since Ft. Wayne is G.E.'s major producer of fractional horsepower motors, other types of equipment using such motors may well be built in that area.

• Plant in Elkhart—Pointing up this programs, G.E. has acquired a 65-acre tract in Elkhart, Ind., for postwar development as an appliance factory. It is understood present plans call for manufacture there in whole or part of home laundries (washing machines, ironers), freezers, refrigerators, and dishwashers. This would be tied closely to Ft. Wayne operations.

Should G.E. decide to pull out of Electric Vacuum, it is said, Elkhart might be the site of its vacuum cleaner manufacturing.

Besides G.E. cleaners, Electric Vacuum produced its own line of Premier and Magic-Aire cleaners, plus other units which distributors and dealers marketed under their own trade names.

Macy Goes West

World's largest department, store gets outlet with tradition in purchase of O'Connor, Moffatt at San Francisco.

The gold rush was still fresh in memory when Bryon O'Connor and George Moffatt opened their first dry goods store in San Francisco in 1866. In the intervening years, new partners came and went. George Moffatt retired in 1887; but Bryon O'Connor hung on, and at his death a few months later, control of O'Connor, Moffatt & Co. remained with his widow, her brothers and sisters.

• Chain Broken-Last week, the identification of O'Connor, Moffatt & Co. with its founders came to an end. In New York, R. H. Macy & Co. confirmed persistent reports of new expansion by announcing that it has added San Francisco's fifth largest department store to its growing chain of retail outlets (BW-Feb.3'45,p82).

Thus, in its first plunge on the Pacific Coast, Macy's has acquired a property that is steeped in the tradition of a tradition-loving community. O'Connor, Moffatt & Co. becomes the ninth outlet of the world's largest department store as its expected expansion



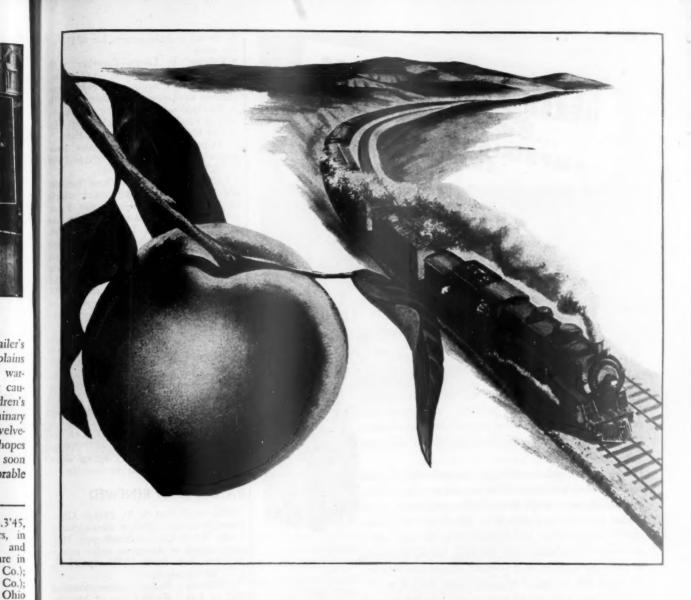
PUBLIC RELATIONS

Ever aware that criticism is a retailer's liability, one New York store explains its Fifth Ave. construction to warconscious passersby. Proceeding cautiously, the women's and children's specialty shop has begun preliminary construction on its \$2,940,000 twelvestory store (BW—Jan.6'45,p86), hopes to see the work in full swing as soon as materials, labor—and favorable public opinion—are available.

into a nationwide chain (BW-Feb. 3'45, p82) is accelerated. The others, in addition to Macy's Manhattan and Bronx properties in New York, are in Newark, N. J. (L. Bamberger & Co.); Atlanta, Ga. (Davison-Paxon Co.); Macon and Augusta, Ga.; Toledo, Ohio (LaSalle & Koch); and Bowling Green, Ohio.

• Stock to Be Traded—Acquisition of O'Connor, Moffatt is to be effected through an exchange of stock, three shares of Macy common (\$36.25 a share as of July 5) for four shares of O'Connor, Moffatt class B common (unlisted), of which 80,463 shares are outstanding in the hands of 21 stockholders. O'Connor, Moffatt class AA common, convertible share for share with class B, is called for Aug. 15; of these shares, which are entitled to a preferential cumulative dividend of \$1.50 a year, 34,983 are outstanding.

At existing market values, the transaction involves about \$900,000 for class AA, \$2,200,000 for class B. The stock is largely held by Joseph V. Costello, president of the San Francisco firm, and other descendants of Bryon O'Connor's widow (last year the Costello fam-



Peaches and Steam

In one summer month the states served by the Southern Railway System ship more than 3,000 carloads of luscious, sun-sweetened peaches over our lines. That's a lot of peaches!

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And it takes a lot of steam ... locomotive steam ... and a lot of oil for our powerful Diesel freight locomotives ... to move this highly perishable crop to market.

But the South has what it takes to produce things on a big scale. Not only peaches but also minerals, lumber, textiles, munitions, ships, plastics, scores of farm products, naval stores, and an infinite variety of other goods.

What's more, the South has what it takes to get its products to market efficiently and economically . . . a dependable, all-weather transportation system...the 8,000-mile Southern Railway System that "Serves the South."

Look Ahead...Look South!...for a "peach" of an opportunity.

Ernest E. norri

President



SOUTHERN RAILWAY SYSTEM

The Southern Serves the South



bursal points-supplies and stores need not be left exposed on the beachhead. Supplies come ashore dry and ready for use and remain in the

Cleaver-Brooks engineering and manufacturing skill played an important part in developing these amphibious trailers Cleaver-Brooks under the direction of the to their present efficiency.

trailer until needed.



Amphibious watertight cargo trailer built by U. S. Marine Corps.



CLEAVER-BROOKS PRODUCTS











ily owned or held proxies for 621% of the stock).

· Volume Is Lively-Together with a deep-rooted tradition, O'Connor, Moffatt has a lively sales volume to offer its new owner. Consistently fifth in the Golden Gate city, the store ranks behind the Emporium, Hale Bros., the

White House, and the City of Paris.
O'Connor, Moffatt net sales have grown steadily from \$3,900,000 in 1939 to \$8,494,894 in fiscal 1945.

• Earthquake Survivor-Three months after the fire and earthquake which leveled much of downtown San Francisco in 1906. O'Connor, Moffatt was in business again. Its present eightstory building is the seventh location since Moffatt and O'Connor opened their first store. The management has renewed its lease on this property until 1980, with option to renew another 35 years; additional adjacent property has been acquired for Macy's projected expansion.

In contrast with Macy's famous cash policy ("we sell for 6% less") which has been the storm center of New York retailing for years, O'Connor, Moffat does a substantial credit business on open charge account. Whether Macy's will introduce the save-for-cash policy on the Coast was not disclosed. O'Connor, Moffatt, a full-line department store operator, does not now follow Macy's policy of close pricing, nor does it specialize in high-end merchandise.

PATENT PACT RENEWED

The bomb that N. V. Philips Gloelampenfabrieken (Philips Incandescent Lamp Works Co.) of Eindhoven, Holland, tossed at American radio manufacturers last April (BW-Apr.21'45. p72) hit its target.

Philips' announcement Following that on July 1 Radio Corp. of America would lose its right to sublicense under Philips U. S. patents, worried radio manufacturers began putting pressure on RCA to renew the reciprocal agreement. Without the Philips patents they could have operated only under severe handicap. And they shied at dealing with the Dutch firm directly.

RCA had little personal interest in renewing the agreement. It still could use the Philips patents itself. But the importunings of the other radio manufacturers, who had been able to get both RCA and Philips patents in one package through RCA, bore fruit. The day before expiration of the old contract, the two principals announced a new reciprocal agreement continuing RCA's sublicensing rights.

As before, the new agreement covers only licenses granted either company up to Mar. 31, 1941.

BUSINESS WEEK . July 14, 1945

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You can't pull it out of a hat!

Good air conditioning is not hokus-pokus! It can only be the result of correctly engineered equipment correctly applied!

From the beginning, Westinghouse has worked singularly on this one principle. For any installation, regardless of size or purpose, is only as right as the

engineering behind the equipment that performs the magic of correctly conditioning the air.

By correct air conditioning Westinghouse means the scientific blending of desired temperature, humidity, circulation, ventilation and air cleanliness.

Consider these advantages: First, an air conditioning plant which will provide exactly the conditioned air you want to "live" with. Second, an installation which can be depended upon to give continued trouble-free and economical service. Third, correctly engineered equipment resulting from Westinghouse know-how.

If you're thinking about air conditioning, write for your copy of "How to Plan Correct Air Conditioning." Call your nearest Westinghouse Office, or write Westinghouse Electric Corporation, 150 Pacific Avenue, Jersey City 4, New Jersey.

The Heart of Correct Air Conditioning WESTINGHOUSE HERMETICALLY SEALED COMPRESSOR

The entire mechanism of the Westinghouse Hermetically Sealed Compressorincluding its motor-is sealed gas-tight. This feature means sealed-in power and sealed-out trouble . . . has been service-proved in thousands of Westinghouse installations. Compact and lightweight for easy installation. Low operating costs.



Westinghouse presents John Charles Thomas—Sunday, 2:30 E.W.T., N.B.C. Tune in Ted Malone, Monday through Friday, 11:45 A.M., E.W.T., Blue Network.

Westinghouse CORPET Air Conditioning

Hetchy Row Ends

Under injunction threat, San Francisco yields to Ickes, signs power contracts which freeze out private utility firm.

For seven years the chief public power litigation in California has revolved around the words Hetch Hetchy, the name which adorns San Francisco's hydroelectric plant.

• City Was Caught-Hetch Hetchy power is generated from water that rises on federal land. Under the controlling Baker act, such power may not be sold to a private distributor.

Seven years ago San Francisco was caught selling Hetch Hetchy power to Pacific Gas & Electric Co. Secretary of Interior Harold L. Ickes, watchdog under the Baker act, got an injunction which would have soured the entire Hetch Hetchy deal had not the city stalled for time to find other outlets for its power.

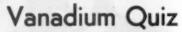
 New Contracts—Last week, in the presence of U. S. Judge Michael J. Roche, San Francisco vowed that it will sell nothing but dump power in the future to P. G. & E.

Under progressively more ominous threats that the injunction would be enforced, the city also disclosed a sheat of fresh power contracts with Henry Kaiser's Permanente cement and magnesium plants, with the Aluminum Conformation of America, with the city Bureau of Light, Heat & Power, and with the irrigation districts of Modesto and Turlock, Calif. Except for dump power, P. G. & E. was outside looking in.

• Last Loophole—Ickes still saw a loophole. There was nothing in the contracts to prevent the Turlock and Modesto irrigation districts from selling to P. G. & E. either their own power or the energy they will buy from Hetch Hetchy when the necessary transmission facilities are built. He exacted a pledge of the districts that they will not sell to the private utility.

Thus assured, Ickes approved the city's solution of its power problem, and Judge Roche closed the books on the

case.



Complaints of miners in western Colorado of squeeze in mineral prices touches off new Antitrust Division inquiry.

Production, processing, and sale of vanadium, chiefly used as an alloy to give steel toughness and springiness, have become the concern of the Antitrust Division of the Dept. of Justice and a special federal grand jury which will convene in Denver July 25 to begin an investigation which may have almost worldwide ramifications.

• Few Large Deposits—Although more plentiful in the earth's crust than copper, lead, or zinc, in only a few places is vanadium found in concentrations great enough to warrant mining it for itself alone.

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These occurrences are invariably in sedimentary, not igneous rocks. In western Colorado and eastern Utah, whence 90% of all U. S. domestic production comes, vanadium is associated with radium and uranium. Another large source is the phosphate beds of Idaho and Wyoming.

 Price Squeeze Claimed—Investigation has been touched off by the many complaints from western Colorado miners of vanadium.

These complaints allege that producers have suffered a terrific price squeeze since February, 1944, when the Defense Plant Corp. closed down its vanadium processing plants, leaving the large operations run by U. S. Vanadium Corp. and Vanadium Corp. of America as virtually the only markets where the swarms of prospectors and miners who



TUNNELING ON HIGH

In its aerie on the top of the Tennessee Pass, 10,424 feet up, the Denver and Rio Grande Western R.R. is racing to put the finishing touches on its new tunnel-the highest bit of standard-gage railroad in the world. Holing through the Continental Divide west of Leadville, Colo., the new, concreted passage (right and above right) is reported to be big enough to clear anything that moves by rail. It is 16 feet wide, 23 feet high, and 2,550 feet long. The old tunnel (above left), much narrower and lower, was bottlenecking traffic; heavy equipment was forced to go by some other route. It will be repaired and reserved for use as an emergency standby. As a link in transcontinental rail traffic, the Tennessee Pass road has a big job to take care of as the great military redeployment trek across the continent gets under way (page 17).



Changing Conditions Demand **Changed Methods** X MARKS THE SPOTS

n every department-from presient's office to factory shipping lock-anywhere paper work is eeded, there is an opportunity to ave time, lighten labor and save

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Multilith Duplicating points the

MULTILITH DUPLICATOR MODEL 1250 Multilith Models from \$395 to \$3,725 Multigraph Models from \$150 to \$2,035

reproduces lines and text for standardized forms along with variable information at one time-and in one single operation.

The advantages of Systemat duplicating are so revolutionary that it opens up scores of ways to consolidate several forms into one and effect many other short cuts.

We can show you how top executives are using Systemats for confidential reports - how purchasing and billing departments use it to eliminate numerous forms. Systemats are saving time and avoiding errors in engineering departments, in shop operations, in receiving, stock room, and shipping depart-

Call in a Multigraph man to help you find ways to improve efficiency and cut costs in every department where repetitive paper work of any description is required. Phone our nearby office or write Methods Department, Addressograph-Multigraph Corporation, Cleveland 17, Ohio. Sales Agencies with service and supply departments in principal cities of the world.

Multigraph

SIMPLIFIED BUSINESS METHODS

Multilith, Systemat and Multigraph are Registered Trade Marks of Addressograph-Multigraph Corporation

joined in the wartime vanadium rush

could sell their pickings

• War Increases Suppliers-Although the U.S. is by far the greatest consumer of vanadium, as well as the greatest producer, in ordinary times the rewards from vanadium mining are not enough to attract many miners. However, in the war years the number of suppliers mounted to as many as 216 in 1943.

To stimulate production for war, DPC built processing plants at Durango and Gateway, Colo., and Monticello, Utah. Access roads were constructed into the desolate region, over which city men, ranchmen, Navajo Indians, and hard-rock miners flocked to search for the mineral which is found in scattered lenses and pockets, rarely at depth.

• Market Restricted-Mine shipment of ores and concentrates went up from 1940's 2,162,916 lb. to 1943's total of 5,586,492 lb. DPC's stockpiles overflowed, and in February, 1944, the federal agency closed down its plants. From this point on the horde of vanadium miners had to deal with the two big private companies or not at all.

U. S. Vanadium Corp. both mines and purchases the mineral. Its principal processing mills are in western Colorado. Research and industrial development of U. S. Vanadium Corp. production is by Electrometallurgical Corp. Both companies are subsidiaries of the mighty Union Carbide & Carbon Corp., giant of the chemicals and metals fields.

Only other U.S. operator is Vanadium Corp. of America, which not only mines the mineral but also purchases it. Vanadium Corp. is a smaller factor in this country than is U. S. Vanadium, but Vanadium Corp. is a great factor in

world production and supply, due to ownership of the giant vanadium posits at Mina Ragra, at 14,000 ft. tude in the Andes of Peru. For ma years this operation was virtually only large-scale supplier of vanadium • Imports Reduced-Like America producers, Vanadium Corp.'s operation at Mina Ragra also have been hard h by the diminished war demand vanadium. In fact, this country ported (duty free) less from that soun in 1943 than in 1940 (2,000,000) in 1943; 2,500,000 lb. in 1940).

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In addition to mining, there is a other source of vanadium, but it minor: flue dust from ships that bu vanadium-rich Trinidad oils. flue cleanings are carefully bagged and shipped to Colorado and Utah pro essing plants, where the vanadium is on

Lake Superior-Michigan Canal Agitated Again

For more than 50 years, bisecting of Michigan's Upper Peninsula with a 37-mile-long ship canal has been proposed at frequent intervals. Object: to shorten by 360 miles a trip the water distance from Duluth and Lake Superior ports for Great Lakes vessels carrying Mesabi Range iron ore to the great steel mills at Gary, Ind.,

and grain to Lake Michigan ports.

• Disapproved in 1935-Last week the project was again in the hands of U.S. Army engineers. Hearings were held at Escanaba and Marquette, Mich., and the engineers returned to Washington to prepare a recommendation which will not be forthcoming for several months. Whether the project will be rejected, as it was in 1935, only time will tell. Then, the engineers decided that

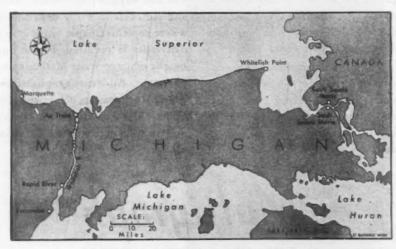
maintenance costs would more than offset whatever economic value it would be to Great Lakes shipping.

Broached first in the early eighties, the canal would stretch from Au Train Bay, near Munising, on Lake Superior, to Little Bay de Noc, on Lake Michigan, near Rapid River. Mich. Most of the way it would follow the course of the Whitefish River, which empties into Little Bay de Noc.

• Bobs Up Again-After its rejection in 1935, when the canal was seriously talked about as a work-relief project, the proposal lay dormant until shortly after this war started, when the canal was urged as a defense measure. Agitation subsided when the government embarked on an ambitious program to build two big ore docks at Escanaba to provide an alternate land-water ore shipping route. should traffic be disrupted at the Sault St. Marie canal locks, through which all shipping between Lakes Superior and Huron must now pass. With the passing of the war emergency, work of dismantling the partially completed docks already has begun (BW-Jun.16'45,p19).

Chief support for the Au Train canal has come from the communities of Munising, Rapid River, Gladstone, and Escanaba which would expect to benefit economically. Vigorous opponent is Sault St. Marie, where the Superior-Huron canal has been an important asset since the first lock was built in 1855. The three railroads operating in the Upper Peninsula are not opposed to the canal but would object to the cost of constructing and maintaining bridges across the waterway. Mining interests in the Lake Superior region are only lukewarm. Current examination of the project is due to a request for a survey written into the 1945 rivers and harbors bill.

• Hazard Removed-Main argument for the canal, in addition to the reduction of mileage-and possible lengthening of the Lake Superior shipping season by short-cutting shallow, early-freezing Whitefish Bayis that its construction would remove the necessity for ships to pass Whitefish Point in Lake Superior, where navigation is so hazardous that it is often referred to as the "Graveyard of the Lakes.'



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Charges of market corner are overshadowed by claim in Congress that manipulators have link to U.S. agencies.

The War Food Administration thought it had booked a major attraction when it brought charges recently that General Foods Corp. and others had effected a corner on the Chicago Board of Trade rye market in May, 1944 (BW-Jun.9'45,p24). But if accusations made in Congress last week result in formal charges, this case may be reduced to the status of the second picture of a double feature.

In fact, in the swirl of last week's developments, postponement of the General Foods case until Aug. 1, to allow defendants more time to file their replies, was almost buried in the news. So far, however, it is the only solid case scheduled in an investigation of the smoke that has surrounded the rye market for two years.

• Congress Probe Asked-Rep. Frank B. Keefe of Wisconsin tossed a bombshell when he told the national House of Representatives that manipulators "with tentacles reaching into Washington" have maintained a corner on the rye market "right up to the present hour." He introduced a resolution calling for a congressional investigation, which he intimated would embarrass personnel in the WFA and the Foreign Economic Administration.

Keefe wanted to know why, after the rye corner allegedly was effected in May, 1944, the War Production Board, at the request of the WFA, ordered industrial distillers to use at least 10% rye in making alcohol. The market manipulators, Keefe claimed, sold some 6,000,000 bu. of rye to distillers.

 Chicago Board Criticized—J. H. Mehl, director of the Commodity Exchange Administration, did not dispel suspicions of undercover operations when he followed Keefe's blast with a verbal slap at the Chicago Board of Trade. Mehl charged that the board was slow to act on his suggestion that rye speculation should be curbed and eventually went only half way on his recommenda-

On June 19, rye hit a 20-year record high of \$1.59% a bu. and the market was still riding high when, on June 27, Mehl asked the Chicago board to curb rye speculation by requiring a 50¢-perbu. margin on all futures purchases and a daily trading limit of 500,000 bu. The board responded on July 2 with a ruling that on Aug. 1 rye holdings would be

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limited to 700,000 bu. of any one future, that on July 5 a margin of 25¢ would be required, and the daily trading limit would be 1,000,000 bu.

Board Hits Back—To Mehl's complaint, board officials replied that CEA keeps daily records of grain sales and was in as good position as any one to know what rye was doing. Mehl maintained that the board's action still left plenty of room for the speculators to play around in.

CEA has no authority to set trading

limits. The Commodity Exchange Commission, composed of the secretaries of agriculture 'and commerce, and the U. S. attorney general, could set limits on daily trade volume, but only after holding hearings as to the need for limits.

• Market Holds Strong—The triple blow represented by Keefe's and Mehl's charges and the Chicago board's restrictions on rye trade shoved the July futures price down 9¢ within a week. But the market was still strong the first of



Alabama Pipe Co. Anniston, Ala.

The Alliance Mfg. Co. Alliance, Ohio

American Radiator & Standard Sanitary Corp. (Four plants)

American Spring of Holly, Inc., Holly, Mich.

Anchor Slide Fastener Co. New York, N. Y.

B. A. Ballou & Co. Providence, R. I.

Sidney Blumenthal & Co. Inc., Rocky Mount, N. C.

The Allen D. Cardwell Mfg. Corp., Brooklyn, N. Y.

Carey-McFall Co. Philadelphia, Pa.

The Central Foundry Co. Holt, Ala.

Champion Shoe Machinery Corp., St. Louis, Mo.

John L. Chaney Instrument Co., Lake Geneva, Wis.

Chase Brass & Copper Co., Inc. (Two plants)

Clifford-Jacobs Forging Co. Champaign, Ill.

Columbia Aircraft Products Inc., Somerville, N. J.

Compress Buckle Co. of Alabama, Inc., Attalla, Ala.

Consolidated Vultee Aircraft Corp., Tucson, Ariz.

Corsicana Cotton Mills Corsicana, Tex.

DeKalb Commercial Body Corp., DeKalb, Ill.

Des Moines Glove & Mfg. Co. Inc., Des Moines, Iowa Doak Aircraft Co., Inc. Torrance, Calif.

Doehler-Jarvis Corp. Chicago, Ill.

Durabilt Mfg. Co. (Two plants)

Federal Telephone & Radio Corp., Newark, N. J.

General Motors Corp. (Two divisions)

J. Greenebaum Tanning Co. (Two plants)

Edwin I. Guthman Co., Inc. and Lincoln Machine & Tool Co., Chicago, Ill.

The H & R Machine & Tool Co., Euclid, Ohio

Hamilton Pump Co., Inc. Pittsburgh, Pa.

Heyden Chemical Corp. Princeton, N. J.

Hill Independent Mfg. Co. Philadelphia, Pa.

Hopkins Equipment Co. Hatfield, Conn.

Ideal Clamp Mfg. Co., Inc. Brooklyn, N. Y.

Johnson Gage Co. Bloomfield, Conn.

Johnston Lawn Mower Corp. Ottumwa, Iowa

Jones-Dabney Co. Louisville, Ky.

James Lees & Sons Co. Bridgeport, Pa.

Lewis Welding & Engineering Corp., Bedford, Ohio

Lockley Machine Co. New Castle, Pa.

E. Machlett & Son New York, N. Y. Clayton Mark & Co. Evanston, Ill.

Medallic Art Co. New York, N. Y.

Merit Ordnance Co. Chicago, Ill.

Monroe Tool & Mfg. Co. Monroe, Mich.

Nathan Mig. Co. New York, N. Y.

Penn Yan Boats, Inc. Penn Yan, N. Y.

Quality Knitting Co. Stowe, Pa. The Schnabel Co.

Pittsburgh, Pa.
Setter Bros., Inc.
Cattaraugus, N. Y.

Southern States Equipment Corp., Henderson Foundry & Machine Co., Hampton,

Ulster Knife Co., Inc. Ellenville, N. Y.

United States Magnesium Co. Pleasant Valley, N. Y.

The Viking Air Conditioning Corp., Cleveland, Ohio

Vogt Bros. Mfg. Co. Louisville, Ky.

Volco Brass & Copper Co. Kenilworth, N. J.

Webster Chicago Corp. (Two divisions)

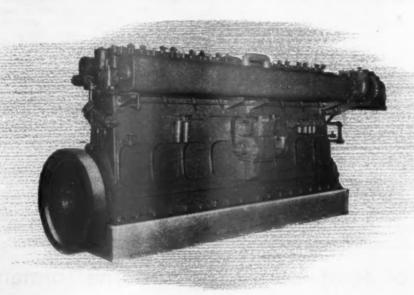
Wichita Engineering Co. Wichita Falls, Tex.

Williams Tool & Engineering Corp., Indianapolis, Ind.

World Steel Products Co. New York, N. Y.

(Names of winners of the Army-Navy and Marisime Commission awards for excellence in production announced prior to this new list will be found in previous issues of Business Week.)

Another* Revolutionary Cooper-Bessemer Development



WE TAUGHT THIS ENGINE TO TAKE A DEEPER BREATH

EVERY internal combustion engine breathes air. The more air it breathes, the more fuel it can burn, and the more power it can produce. And that's what supercharging is—simply a means of making engines inhale more air than is otherwise possible.

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Today, supercharging is common in aircraft engines and in marine and stationary diesels. Now, a revolutionary Cooper-Bessemer development makes it possible and entirely practical to supercharge gas burning engines—the kind of engines used by the thousands in the oil fields, in various other industries, in sewage plants, and elsewhere.

The advantage? Not only greater fuel economy, but up to 50 percent more power at a given engine speed, with no appreciable increase in engine weight or space. Think of the tremendous saving this makes possible in the cost per horsepower of housing, installation and maintenance alone.

For over a century, engine research and devel-

opment has been a continuous program at Cooper-Bessemer. It is responsible for the many Cooper-Bessemer contributions to America's Progress in Power. It is largely responsible for the exceptional performance of Cooper-Bessemer heavy-duty engines, on land, at sea, and on the rails.

*Just recently, Cooper-Bessemer announced the development of the sensational gas-diesel, permitting operation on the full diesel cycle while burning virtually any combustible gas or any combination of gas and oil, and providing instantaneous fuel change-over at full load. Compared with conventional gas-burning electrically ignited engines, thermal efficiency is increased a full 30 percent.



this week, with a high of \$1.48 Monday.

In the midst of the melee of charges and countercharges, OPA announced that it will belatedly place a ceiling

price on rye probably by Aug. 1.

Some discounted charges of manipulation. They held that rye prices rose naturally, because of a heavy demand by distillers, who this year are prohibited from buying corn, and because of large purchases for shipment abroad, and the lack of a rye ceiling. With ceilings on wheat, oats, and corn, rye is a natural for speculation, they say.

• Prices Tripled-The fact remained

that rye prices have nearly tripled since

For example, the high price for July rye futures in June, 1941, was 541¢. In round figures, the price rose to 71¢. \$1.02, \$1.14, and jumped to \$1.59 in June of each succeeding year. Volume of trade on July futures was a modest 2,995,000 bu. in June, 1941. The figure jumped to 29,323,000 in June, 1941. It was 7,492,000 in June, 1943; 11,759,-000 in June, 1944; and skyrocketed to 126,838,000 in June, 1945.

Planes to Homes

Canada's aluminum house is an offshoot of war aviation. Built by aircraft workers, it utilizes rejected sheet metal.

MONTREAL-Later this month, Canada's factory-built aluminum house will make its debut on a landscaped plot near Montreal.

As in Britain (BW-Jun.16'45,p114), this is a war-baby-produced by an air-craft factory with skilled labor, to tide the plant and its work-force over the period of uncertainty between all-out warplane production and peacetime aircraft building. But it's a war-baby with a promising future.

• Rejected Aluminum Used-Siding for the house is sheet aluminum rejected by government aircraft inspectors. Long strips of the aluminum are treated with an automobile-type, long-lasting finish, and affixed like weatherboarding to frames that are made of seasoned spruce.

Fairchild Aircraft, Ltd., still at work on Grumman Tigercat planes, and parts for other Grumman planes and the Chance-Vought fighter, has sired Faircraft Industries, Ltd., to produce the aluminum house.

Besides being partly aluminum, the Canadian house, like its British counterpart, has other unusual features which distinguish it from the run-of-the-mill

prefabricated house.

• Rooms Added to Order-Faircraft's basic model is four rooms-two bedrooms, kitchen with dinette, and living room. It measures 25x30 ft. Other rooms and garage may be added to order. The house interior is complete with plumbing, wiring, deep sink and built-in cupboards, bathroom with sunken bath. tiled surfaces, and modern fixtures. The Faircraft house is a permanent model, designed to withstand tough Canadian climate. Its price, f.o.b. factory, is

This price does not include foundation, cellar (if any), or assembly. Nor does it include heating equipment, re-

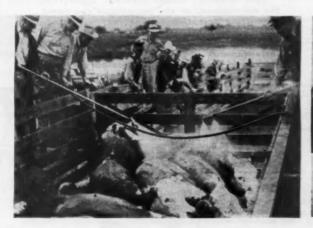
For Man or Beast-DDT Routs Airborne Tormenters

Last month 5,000 head of beef and dairy cattle on 24 farms and ranches in 16 Kansas counties were treated with DDT. Purpose of the large-scale experiment, which will be repeated twice this summer on the same animals, is to determine the efficiency of the war-developed chemical in the control of astronomical numbers of European horn flies which torment cattle and seriously hamper the production of beef and milk.

Under a plan developed by an imposing panel of federal, state, and university scientists, plus entomologists from several chemical companies interested in DDT, onehalf the animals feeding in a given pasture were treated with the insecticide, the other half left untreated as scientific controls. Most of the cattle are sprayed with a water-resistant DDT solution (left); some of them are dipped to check the efficiency of the two application methods.

Already it is being observed that flies and other insects, such as lice, feasting on the treated half do not live to torment the untreated, hence all are protected. Further tests will almost certainly be devised to ascertain the optimum fraction of a herd to be sprayed or dipped.

Last Sunday, DDT came to the ocean bathers and sun worshippers of Jones Beach, L. I., N. Y. (right), in the form of an experimental spray calculated to exterminate any sand flies, fleas, or mosquitoes that might be upsetting the day's pleasure. Utilizing a military fog generator, which Todd Shipyards Corp. had manufactured for screening battle fleets and armies from the enemy, the experimenters laid down a fog of the insecticide at a reported speed of about an acre a minute. Lethal effects of the sweetish-smelling spray on the beach's insect life are expected to persist for an indeterminate number of days.





Selongs in both pictures

We want war business! Until the last Jap fox hole is cleaned out.

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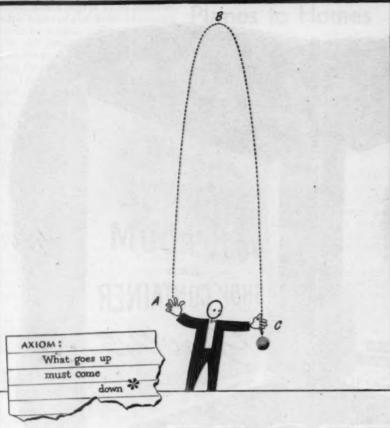
Our manufacturing plants - backed by 44 years in sheet metal fabrication and experience gained in handling 3800 war contracts - are fully organized to handle additional production of complete units, sub-assemblies and parts in steel, and aluminum for a wide variety of Japeliminating battle equipment.

When quick conversion to essential civilian production is your problem, your letter or a phone call will bring a Lyon Engineer to make a survey that will help you get stockrooms, toolrooms and production lines set for that vital job.

Write today on business letterhead for details on Lyon facilities for war production and full explanation of useful services included in a Lyon Storage, Toolroom and Shop Container Survey.

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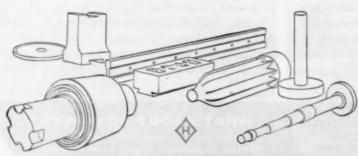
*It's almost as dependable

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Manufacturing costs come down, too, when you incorporate Heppenstall Forgings in your production equipment.

You see, Heppenstall babies their special steel through in small, carefully nursed batches . . . And as for forging—Well, Stradivarius built better violins, the Venetians concentrated on glass and Heppenstall makes the forgings.

In various types of service over a period of 55 years Heppenstall products have consistently delivered greater service than was expected by the most exacting buyers. For quotations write Heppenstall Co., Pittsburgh 1, Pa.



HEPPENSTALL the most dependable name in forgings



COOLER AND FASTER

Good news to the War Production Board, striving desperately to boost the textile output, is General Tire's anticipation of an 80% production jump at its Barnesville (Ga.) fabric mill. Hopes for the increase are pinned on a new wing equipped to fabricate rayon as well as cotton, which lays claim to being the only southern textile mill with air conditioning (above).

frigerator, or stove which may be factory-installed at additional cost.

Faircraft calls its house "factorybuilt" although it is shipped "folded" to 30x10x10 ft. A team of five or six unskilled workers can put it in shape in

• Composition Strip Roofing—The roofing will be rolled composition strip, with a 19-in. overlap—in effect, a double roof—over plywood laid on rafters. Between the aluminum siding and a gypsum interior wallboard will be a 3-in insulating airspace filled with Fiberglas and a sheet of moisture-resistant material. Floors will be of linoleum comented to plywood.

When the factory starts to roll this month, output is scheduled at six or seven units a day, with a first-year target of 2,000 units. Several months' delay in production resulted from unavailability of seasoned wood for the frame, but stocks are now on tap.

• New Heating System—Heating plans are original. The first houses will have hot-air furnaces of a new design, produced in Montreal. The heat will pass through square conduits beneath the The proved istration Counce chased the air

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flooring and enter the room through vents near the walls. Preliminary tests show the variation in room temperature to be only two degrees between the ceiling and floor.

The Faircraft house has been approved by the National Housing Adminstration and the National Research Council of Canada, and so can be purchased-when generally available-with the aid of NHA loans.

• On Government Order-Preliminary output will be exclusively on government order for critically congested city areas. Later this year the houses may be available to the public, but on a permit basis to prevent speculation in a scarce commodity.

Faircraft is setting up a national distribution system, and is already talking about exporting its houses, but home demand is likely to absorb maximum production for many months ahead.

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When H. Ray Ellinwood left his engineering job at Douglas Aircraft in 1937 to manufacture aircraft accessories, he rented a garage for \$2.50 a month, set his own hours, established his own policies. Life was simple.

When demand for his bonded metal clip (for supporting aircraft hydraulic lines) expanded his Adel Precision Products Corp. at Burbank, Calif., into what he fondly called the nation's "No. 1 clip joint" (BW-Jun.3'44, p58), life became complex. The Giannini-controlled Trans-America Corp. bought 981% of his stock, installed a Trans-America directorate, but retained him under five-year contract as president of Adel,

Last month Ellinwood gave up. His reason: The directors did not support his postwar manufacturing plans for a diversified line of products which included a camera of original design, a bagless vacuum cleaner, and stainless steel cut-lery. Ellinwood plans a new company to make surgical instruments, photographic equipment, and industrial de-

To succeed him as president and general manager of Adel operations at Burbank and Huntington, W. Va., Adel directors elected W. A. Ridder, president of General Metals Corp., Vernon, Calif., another of Trans-America's industrial properties.

OPA TRIES CHEMISTRY

OPA has enlisted the aid of chemistry in an effort to frustrate counterfeiters of ration coupons.

In Chicago, groceries and meat markets are being supplied with chemical containers into which coupons can be



What do you mean ANNUAL COST?

"I mean that portion of the yearly expense of owning a structure that is affected by first cost, maintenance and repairs, and the number of years of useful service, whether it be your home, your neighborhood church, school, office building or the new pavement for Main Street.

"The durability and strength of concrete insure long life and low maintenance expense for such construction as well as for hospitals, factories, warehouses, power plants and for bridges, roads, streets, airport runways, waterworks and sewerage systems.

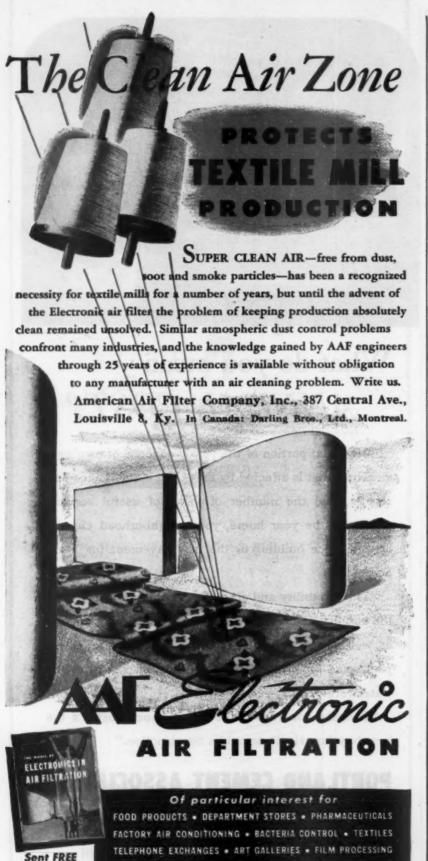
"Because concrete gives low annual cost it's the best buy for private or public construction."

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A national organization to improve and extend the uses of concrete . . . through scientific research and engineering field work

BUY AND KEEP MORE WAR BONDS



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dipped for testing. Genuine stamps show a special watermark. The measure was adopted by OPA after counterfeit red coupons began appearing in large numbers.

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BLUE CROSS CENTRALIZED

One weakness of Blue Cross hospitalization insurance plans has been the lack of what, in other fields, would be called a national sales office. Thus an employer who wished to arrange subscriptions for employees in branch offices had to deal separately with each local plan.

Last week the Hospital Service Plan Commission of the American Hospital Assn., coordinating agency for the 87 Blue Cross plans of the United States and Canada, corrected this situation by establishing a national enrollment office at 370 Lexington Avenue, New York. Prime job of the new office is to law before interested employers the schedules of rates and benefits of local plans serving communities where their branches are located. Once the firm's home office approves participation, local Blue Cross officials enroll employees in the usual way.

This centralized service has been established to meet increasing demands of national firms who want to provide hospitalization benefits for employees-often as an indirect pay rise to help compensate for frozen wages, a device that has received National War Labor Board approval (BW-Jul.10'43,pl16). The commission reports that a recent survey among thousands of companies which contribute toward their employees' Blue Cross subscriptions indicated that 81% pay the full cost, and more than 40% pay some or all of the subscription for employees' family dependents.

WHITHER HEMP PLANTS?

The recent announcement that a group of Union Grove (Wis.) businessmen had banded together to lease and continue in operation the Defense Plant Corp.'s hemp processing plant located in that town, rather than have the community lose the war-born industry, has again focused attention on what disposition DPC is going to make of such plants, now that the domestic hemp program has been abandoned (BW-Dec.23'44,p50).

A total of 42 plants was built in late 1943 and early 1944 at an average cost of about \$300,000. Of these, 21 (including that at Union Grove) are still processing the 1944 hemp crop; 13 have been officially declared surplus; three are now in process of being declared surplus; two have been leased by commercial canners for use as bar-

BUSINESS WEEK . July 14, 1945

racks by war-prisoner agricultural workers; one is producing red oxide of mercury for the Navy; one is producing a bran mold to be used as a substitute for malt (BW-Jul.7'45,p17); and one has been leased by a cooperative for drying alfalfa.

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In addition, eight of the plants have been used for drying wet corn which otherwise might have been left to rot on the ground (BW-Feb.17'45,p34).

Restaurant Pinch

Sharp reduction of food quotas forces revision of menus and, in some cases, closing of eating places for "vacations."

OPA cuts in restaurant allotments of rationed foods for July and August had the restaurant business in a red-hot red-point stew last week—well spiced with controversy, but distinctly lacking in the savor of meat.

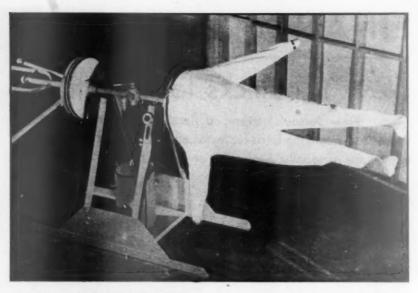
· Quotas Slashed-The new OPA order, effective July 1, reduces meats-fats quotas approximately 20%, to roughly 64 red points per 100 customer-meals, slashes use of processed fruits and vegetables 12% to 15%, and sugar, 20% to 25%. Varying types of restaurant operation vary ration quotas, but old hands in the industry say the new meats-fats quotas mean that they can serve only about .40 of a point of meat per customer, after allowance for butter or oleomargarine, for cooking fats, and for unavoidable losses in food preparation. This compares with 50 red and 50 blue points a month for each person who eats at home-theoretically 90

OPA no sooner announced the impending cut late in June than restaurants protested they could not operate under its terms. To emphasize this argument, 18 of the 20 eating places in Mattoon, Ill., closed during the last week in June. They reopened only after OPA sent two beef carcasses from Chicago to relieve what the sit-downers said was a local meat shortage.

 Impact is Nationwide—In all parts of the country proprietors pleaded for relief.

For instance: The East Ohio Restaurant Assn. forecast that unless relief is given, its members will have to close two days a week, quit serving breakfasts, and close at 8 p.m. instead of midnight. In one Illinois town, hotel residents had to buy sandwiches in mid-day for their evening meals because not a restaurant in town was open after 3 p.m.

The National Restaurant Assn. says that most of its members are remaining



UNION SUITS GO TO WAR

Even the long-legged union suit has a war job. The United States Testing Co., Hoboken, N. J., uses a special cotton knitted garment to spot leaks in rubber life-saving gear. The rubberized suit (above), inflated with a mixture of ammonia gas and air, is dressed in a snug cotton union suit or "overall" tinctured with a sensitized yellow dye that turns red in contact with ammonia. Thus, red spots appearing on the covering immediately proclaim a leak.

open more as a patriotic public service than as a way to make money.

The OPA rule which forbids transfer or sale of ration points makes it illegal for a restaurant to ask point payments by customers, although some restaurants have invited such payments. Summer resorts may require points from guests, however, under an OPA-approved pooled-book plan, if the resort has an average of under 50 resident guests.

 Menus Revised—Most of last week's menus in the U.S. were short one-fourth to one-half their former meat dishes.

Proprietors reshuffled available ingredients, and added new names on menus. But customers were still getting largely a diet of spaghetti, hash, salad, and eggs—combined with diminishing dashes of meat and cheese. Eggs in all guises bore the brunt of the meat shortage; operators recognize that eggs will soon be short as a result of this new huge demand superimposed upon decreasing production as flocks give up their meat to the poultry black market (BW—Mar.24'45,p24).

 More Vacations—Harried restaurant men see one simple way out. An increasing number of restaurants intend to close for vacations this summer, despite trade warnings that resulting reduction of customer count and of ration point use will cut still further their September-October ration quotas, which are based upon July-August records. The war-weary hosts are gambling that the food pinch will ease by fall.

Four times as many Chicago restaurants as in 1944 probably will close for summer vacations this year. Half a dozen big New York club dining rooms will close in July and August. Others will close on certain days or limit guest invitations.

100,000 PW'S FOR FARMS

The War Dept. has agreed to assign 100,000 prisoners of war for agricultural work during the harvest seasons of this year. The number represents an increase of 15,000 over the peak reached in previous agreements with the War Food Administration's Office of Labor and Dept. of Agriculture.

Largest increases in assignment have been made in the midwestern Service Command areas, where prisoners will help to harvest com, tomatoes, and other commercial vegetables for processing through September. Large numbers will then be shifted to sugar beet districts to help with that critical crop.

By Dec. 15, the number of prisoners so employed is scheduled to drop to some 78,000. State extension directors determine the type of work they may be asked to perform.

New Yardsticks for Taxation

New Jersey's revamped fiscal setup, effective in 1946, makes net worth the basis for levies on corporations. Holding companies are especially displeased, and so is the town of Flemington.

The adage that "you can't please everyone" is never more pertinent, lawmakers can attest, than when it is applied to changes in tax laws.

This was brought home to the New Jersey legislators who recently com-pleted the first thorough overhauling that state's corporate tax structure had received in some 50 years.

• The Complaints Persist-Even though their job was done under the guidance of a special commission appointed by Gov. Walter E. Edge, and despite the fact that some very annoying practices possible under the old law were eliminated, New Jersey's legislators have been subject to sharp criticism from a variety of important quarters ever since their new tax bill was passed late last

The New Jersey Taxpayers Assn., for example, has been complaining about the "undue haste" in which the bill was rushed through the legislature. Also, it describes phases of the legislation as "alarming to business interests," "dangerous to employment," and devoid of "limitations to prevent its being seized upon by the legislators of future years as an easy means for securing additional money'

· Also Displeased-Many of the big corporations that have made New Jersey their legal home for half a century or more, and particularly the holding company members of that group, don't like the new tax statutes a bit better. Some have even indicated that the new levies may force them to move their corporate headquarters elsewhere so as to save money

Likewise upset are some of the state's municipalities. Particularly aggrieved is Flemington, the New Jersey village which in recent years has been seriously threatening to replace Wilmington, Del., as "America's corporate capital" (BW-Apr.22'44,p76). Flemington now sees that there is a definite possibility that the new law may jeopardize the continuance of its gains.

• Important Changes-Under the new law, scheduled to become effective in 1946, New Jersey will abolish the taxation of corporate intangible personal property by municipalities. That source has been providing the municipalities with about \$3,000,000 of yearly revenues. Similarly erased will be the state's present corporate capital stock tax, which has been netting it some \$1,500,000 annually.

To replace those two levies, New Jersey will establish a comprehensive corporate franchise tax. This will operate on a rising scale and will demand minimum payments of at least \$25 in the case of "foreign" and \$50 in the case of New Jersey corporations. It is estimated that such a levy will bring in some \$6,000,000 to \$7,000,000 of annual revenues. The state, to reimburse its towns and cities for the loss of corporate personal taxes they will suffer, will reduce by \$4,000,000 its school tax assessed on local prop-

· How It Works Out-In theory, the new tax represents a levy on "the right to do business." Thus it will not be based on just a corporation's intangible assets (stocks, bonds, accounts receivable) or on the amount of its capital stock as is the case under the present tax

Instead, all resources of a company, including such tangible assets, hitherto ignored, as its real estate, buildings, and equipment, will play the leading role in determining the future corporate tax levies. Under provisions of the new law, the actual tax base is to be that portion of a company's net worth (the excess of assets over debts represented by capital stock, surplus and undivided profits) which the state, not the taxpaying company, considers properly "allocable to New Jersey.'

• Complicated Formulas-In order to arrive at the amount of net worth which is considered justly taxable in New Jersey, the state has available two quite complicated formulas, and a corporation is to be taxed under which-



THEY WORK FOR GOLD, NOT WAGES

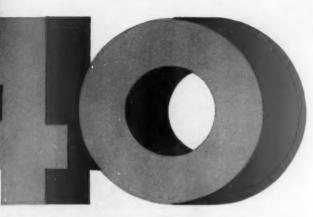
Lifting of the wartime ban on gold mining (BW-Jun.16'45,p20) brought a buzz of activity to western mine towns, little real production thus far. Although crews went underground immediately after the July 1 green light, shortages of men and materials will delay quantity output for many weeks. At Cripple Creek, Colo., many miners (above) prefer to work on a "split check" arrangement by which the mine owner provides site, tools, and supplies and splits proceeds with them. Owners hope to lure ex-servicemen with this scheme-publicized by a donation to the Red Cross of the first car of ore.

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ever one of these two yardsticks will produce the highest levy.

One of these formulas takes intangible assets as its main basis, and it is generally believed that this yardstick will be the one applied most often to New Jersey's big "home" companies, particularly those of the "holding" variety. The other is quite different. It takes into account such varied items as the amount of a company's annual wage bill, its receipts, and its property as the principal tax determinants. The expectation is that it will be applied against any New Jersey corporations not handled by the first formula and against the so-called "foreign" group, or those companies not incorporated in the state but doing business within its borders. • Each on Its Own Feet-Under the new law no consolidated reports can be filed to be used as a basis for the tax. Each corporation, whether a holding company or an operating company, must stand on its own feet.

It is the emphasis on intangibles in the tax yardstick most likely to be used in their case that has the New Jersey holding companies worried, since their resources include little besides stocks, bonds, and accounts receivable. The ban against consolidated statements hasn't made them feel any better, either, since reporting the tangible assets of operating subsidiaries would have allowed an allocation on a more

favorable basis.

• Old vs. New-Due to these factors, according to reports, one holding company which has only assets of an intangible nature now believes the new law will increase its. New Jersey tax payments from \$24,000 to around \$65,000. Another thinks it faces an even more dubious future. It figures that taxes under the new setup will run into a six figure amount compared to the \$20,000 to \$30,000 it has been paying in recent years to municipalities on the basis of consolidated statements.

More than one operating company, on the other hand, thinks the new basis of taxation an excellent one that should be productive of fair annual savings in such costs in the years to come.

• A Thing of the Past—Most pleasing to all corporate tax payers in New Jersey, also, is the fact that the new tax bill spells an end to what has become known in recent years as "tax lightning." No longer will municipalities needing cash be able to swoop down suddenly on companies with a new tax assessment.

Since municipal authorities were never in a position to appraise properly corporate intangible personal property under New Jersey's present archaic tax structure and their tax rates were generally high, the bills they would sud-

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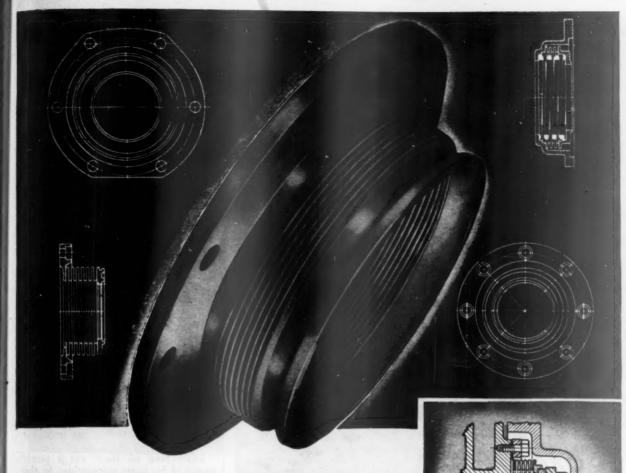
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loads, the emptying of containers, the return to the loading point, are performed unattended, without any manual supervision whatsoever. Louden Selectomatic has been described as the greatest single forward step in materials handling. Outstanding factories have already installed it. The results will interest you. Write for further information today. The Louden Machinery Company, 5228 N. Superior Ave., Fairfield, Iowa.

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SELECTOMATIC DISPATCH

For the automatic and unattended handling of materials

denly present in most such cases were "confiscatory." This meant considerable negotiation before a "settlement" of substantial proportions could be arranged and the taxing authorities satisfied.

• A Refuge Sought—No company, in fact, was ever certain just when its city would move against it, and in recent years such towns as Newark, Jersey City, Trenton, and Camden have indulged in such "raiding" in varying degree. A number of companies, however, and especially those domiciled in Jersey City, didn't wait to be so attacked. They started looking for a New Jersey municipality with low governmental costs and a low ration of normal assessment in which to settle.

A number of companies soon moved their "legal addresses" to little obscure hamlets in New Jersey's rural sections. But Flemington, the Hunterdon County seat, with a population of 2,700 and only two trains a day from New York, soon became the favorite resting place for those tired of the big cities.

• What Happened—Standard Oil of N. J., fleeing from a \$2,000,000 "tax settlement" exacted by Newark, was the first big company to roost there. It arrived in 1938 and the taxes paid by it and several other smaller companies by 1942 had pushed down the town's own tax rate to only 74¢ from the \$3.91 per \$100 rate that had prevailed in 1937.

From then on there was a yearly parade of big-name corporations to the hamlet. As the number of its wealthy corporate guests increased, Flemington's tax rate went down sharply. By last year, too, its annual revenues (which had to be split with the state and county) had grown to well in excess of \$1,000,000, compared with only \$300,000 some years ago. Moreover, the town was able to report early this year that it had retired the last of its outstanding funded debt and had salted away a reserve of \$270,000 to take care of desirable postwar improvements.

• A Changed Picture—Since passage of the new tax legislation establishes fixed rates of taxation on all corporations, no matter where they are located in the state, Flemington in 1946 is destined to lose the advantages that have attracted its corporate population.

How many companies will start moving back to cities more accessible to New York is not know, and there are some who actually expect no mass migration out of Flemington. A majority of observers, however, think Flemington's reign is about over and that Jersey City, now that the new law bars Mayor Frank ("I am the law") Hague's tax commissioners from acting against corporations, will be the main beneficiary.

Continuous balance
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"Take a letter to Jim Watkins. Answering your question, Jim, never in our history have we had better control of our costs. The Brown Continuous Balance Electronik Potentiometer did it!"

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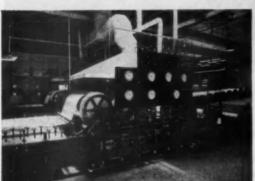
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-- and No. 3 may well be your answer to postwar price competition!

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TO MEASURE AND CONTROL TEMPERATURE, PRESSURE, PLOW, HUMIDITY | 58

Railroads' Road

R. F. & P., still taking the war in its stride, makes bid for local industries but its big asset continues to be geographic.

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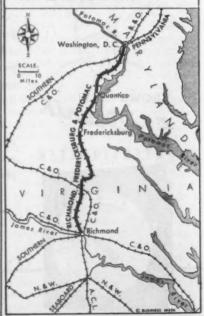
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VITAL RAIL LINK



BUSINESS WEEK . July 14, 1945

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Last year the road operated an average of 104 trains a day—"one every 14 minutes." In addition to the double-tracked miles from Washington to Richmond, there is enough additional main track (including extra trackage in Washington and a line from Acca to James River) to bring the total to 117 miles. Yard tracks and siding now total 470 miles.

• Military Traffic—An indication of the job done by the R. F. & P. in troop movements and normal military passenger traffic is provided by the mere fact that it serves directly such important installations as the Marine Corps base



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Some state laws forbid women in industry to lift loads weighing as little as 35 lbs. With a 'Budgit' Electric Hoist to help, she could quickly and easily lift 2 tons by a few-ounce pull on the control cord.

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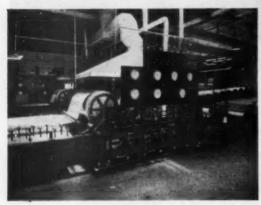
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The map (page 58), then, explains the war's impact on the R. F. & P., going far to account for such facts as a 110% increase in passenger traffic in 1942 over 1941, and for another increase of 58% in 1943 over 1942. Revenue passengers carried in 1943 totaled 8,395,493; in 1944, 7,931,682.

• Tonnage Increases 209%—Revenue freight reached a peak of 14,111,257 tons in 1943—an increase of 209% over 1940—dropped slightly to 14,011,853 tons in 1944. The R. F. & P.'s average revenue per ton-mile on freight hauled (1.263¢ in 1943, 1.282¢ in 1944) is higher than that of any of the large roads which own the line.

Last year the road operated an average of 104 trains a day—"one every 14 minutes." In addition to the double-tracked miles from Washington to Richmond, there is enough additional main track (including extra trackage in Washington and a line from Acca to James River) to bring the total to 117 miles. Yard tracks and siding now total 470 miles.

• Military Traffic—An indication of the job done by the R. F. & P. in troop movements and normal military passenger traffic is provided by the mere fact that it serves directly such important installations as the Marine Corps base



Legal protection unnecessary

SOME state laws forbid women in industry to lift loads weighing as little as 35 lbs. With a 'Budgit' Electric Hoist to help, she could quickly and easily lift 2 tons by a few-ounce pull on the control cord.

Thus women and older men can handle lifting jobs otherwise closed to them. There's no danger of sprain, rupture, or strain with a 'Budgit'—all their energy goes into greater production with greater profits to them and lower costs to management.

'Budgits' are safe to operate—two brakes automatically control and hold the load should the power fail or the conductor cable be accidentally pulled from the socket. Anti-friction bearings, safety upper and lower stops, a load hook that revolves freely on ball bearings and is free to swing when attaching load, are other safety features built into 'Budgit' Hoists.

Check your production, assembly, and inspection lines for spots where 'Budgit' Hoists are needed to lift loads or handle tools. They're convenient, efficient, safe.

'Budgit' Hoists are portable, electric hoists with lifting capacities of 250, 500, 1000, 2000 and 4000 lbs. They are priced from \$119 up. For further details, write for Bulletin No. 356.





'BUDGIT'

MANNING, MAXWELL & MOORE, INC. MUSKEGON, MICHIGAN

Builders of "Shaw-Box" Cranes, "Budgir" and "Load Lifter" Haists and other lifting specialities. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and "American" industrial Instruments. These Bonds were placed privately through the undersigned in May 1945 with certain institutions purchasing them for investment. They are not offered for sale and this announcen appears as a matter of record only.

\$30,000,000

Cities Service Gas Company

First Mortgage Pipeline Bonds 27/8% Series due 1965

The First Boston Corporation Merrill Lynch, Pierce, Fenner & Beane

July 2, 1945.

advertisement is not, and is under no circumstances to be construed as, an offering of these Securities had on a salicitation of an offer to buy any of such Securities. The offering is made only by the Prospectu

New Issue

150,000 Shares

E. R. Squibb & Sons

\$4 Cumulative Preferred Stock

(Without par value)

Price \$108 per share

(plus accrued dividend)

98,906 of these shares are being offered by the Company in exchange, on a share for share basis (with a cash adjustment of dividends), to holders of its outstanding \$5 Cumulative Preferred Stock, Series A and \$4.25 Cumulative Preferred Stock, Series B, as set forth in the Prospectus. The remaining 51,094 shares and the unexchanged shares will be purchased by the several underwriters.

Copies of the Prospectus may be obtained in any State from only such of the undersigned as are registered or licensed dealers or brokers in such State.

UNION SECURITIES CORPORATION

HARRIMAN RIPLEY & CO.

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E. F. HUTTON & COMPANY

at Quantico and the Army's far-flung establishment at Fort Belvoir. It bean the brunt of through traffic via Wash ington to such places as New River N. C., Parris Island, S. C., and the varous naval stations and army posts that are scattered from the Norfolk-Newport News-Williamsburg area on down to the tip of Florida.

It would be an exaggeration to contend that all of the millions of passengers who have traveled the R. F. & P. in wartime have done so in comfort or that all who wished to travel it have been able to do so. More than once have week-end "liberty-hounds" been left griping on the platform at Quantico because aisles, vestibules, and baggage cars were so full that not even Marines could effect a break-through.

 Equipment Problem—So acute did the passenger situation become at times that obsolescent, even obsolete, equipment-some of it from the gas-lamp erahad to be gathered wherever obtainable and pressed into service. Next to a fine all-steel passenger car might be an Erie car of the Jay Gould-Jim Fiske era. and next to it might be a one-time baggage car, still sans seats, with slats nailed over the open doors to keep a sweating mass of uniformed humanity from falling out.

But the R. F. & P. is proud of its safety record. In all its years, there have been but two fatal accidents involving passenger trains, in 1878 and in In these, three persons were killed, two of them employees.

• Plenty of History-This war is not the first in which the R. F. & P. has had to take history in its stride. That the line crosses, besides the Potomac, streams named Chickahominy, Rappahannock, and Bull Run gives an idea of the part that the road played in the Civil War.

Like other southern roads, the R. F. & P. at times employed slave labor in the antebellum period. Slaves possessing various craft skills were leased from their owners. In one instance a sawyer was obtained for a year for \$100. At the end of the year, he was to be returned "well-clothed, also with a hat and blanket.

Also of historical interest is the fact that the Commonwealth of Virginia owns 2,752 shares of R. F. & P.'s voting common stock, the residual portion that is not owned by the present-day Richmond-Washington Co.

• An "Improvement" Pays Off-These shares and the return from them represent all that remains of an investment of some \$48,000,000 that was made by the Virginia government in the era of "public improvements" that preceded the Civil War.

Much of the state's outlay went into

July 2, 1948.

BUSINESS WEEK . July 14, 1945

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canals long since abandoned. But \$275,-000 invested in the original stock of the R. F. & P. had netted the commonwealth (up to the end of 1944) stock dividends to the face value of \$1,479,-415 (paying 8% in the last four years) and cash dividends of \$4,903,753.

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President Call, who has held his office since 1932, joined the R. F. & P. in 1901 as secretary to the president. His name has appeared in the company's roster of officers since 1910, when he became secretary and assistant treasurer. From 1920 to 1932 he served as the only vice-president that the road has had in its entire history.

• Other Interests—The R. F. & P. owns 50% of the stock of the Richmond Terminal Railway Co. (the other half is owned by A. C. L.). It also owns 49% of Richmond-Greyhound Lines, which operates a bus service between Washington and Norfolk by way of Richmond

Throughout the war period, the R. F. & P. has added to its equipment. For example, it had 86 locomotives at the end of 1942, 102 at the end of 1943. The trend has continued. Ten heavy steam locomotives are to be purchased this year.

The owners of the road aren't worrying too much about the line's future after the war. Most observers agree that, so long as there is coastwise rail traffic, the R. F. & P. will be "doing very nicely."

Million a Week

Canadian gold shares lure
U. S. "investors" who continue
to buy heavily despite warnings
of SEC and state officials.

Despite multitudinous warnings from the Securities & Exchange Commission, many state officials, and business organizations, gullible Americans continue to "invest" over \$1,000,000 weekly in highly speculative gold mine stocks dangled enticingly before them by the get-rich-quick gentry now operating from Canada.

• SEC Probes Sales—Describing the extensive operations, particularly of Toronto "brokers," as fantastic, SEC reports that over 100 investigations are under way now and that 355 Toronto dealers have been accused of fraud in connection with recent sales of gold stocks in the United States. Nine states have taken 190 actions, including many criminal indictments, against Canadian operators within the last two and one-half years.

Congress approved an extradition

She kissed her Payroll-Posting troubles

Good-Gye

Do members of your staff wrestle with the employee's individual earnings record? Waste hours posting from one form to another? Work late making the figures balance? Are payroll records behind when the Wage and Hour inspector calls, prolonging his visits?

A Todd Payroll System will correct this situation in short order. In most cases it cuts payroll posting time more than 50% because one fast operation—instead of three—completes payroll sheet, individual earnings record and employee's check or statement. And every payroll fact which 7 Governmental agencies demand is available at once as a by-product of the original postings. No trained operators—no heavy in-

vestment in equipment required. Todd Payroll Systems save time and money for employers whether they have 10 or 10,000 on the payroll.

CUSTOMERS' COMMENTS:

"Since your system was installed it takes us only half the time to do the payroll. We are very pleased with your system and recommend it highly."

Gordon-Maid Skirt Co., Inc. Jamaica Plain, Massachusetts

"We find your system very accurate and very simple to operate. About 50% of time is saved in preparing and posting our payroll as compared with our old system. Moreover, your system also saves us a great deal of time in making out the quarterly reports for Government Agencies."

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Are you ready to meet severe postwar competition? Our "New Products Service for Manufacturers" will enable you to obtain new products and processes without encountering the usual expense and difficulties. In addition to the many products now available, we have a steady flow coming in as the result of our long experience and organized effort in this field.

We study your facilities, experience and distribution set-up and submit only the items that deserve serious consideration. Our engineering background has proved invaluable to clients having difficulty deciding what type products they should seek. Here is a reasonable cost service that will begin to function immediately for your company.

Time is valuable. Phone, wire or write for details of this service.



New Products Division
DESIGNERS FOR INDUSTRY, INC.
2915 DETROIT AVENUE - DEPT. B
CLEVELAND 13, OHIO

treaty in 1942, but it is yet to be ratified by Ontario. Canadian dealers, therefore, have little to worry about as long as they stay on their side of the border and operate by mail or telephone. American efforts to curb the gold stock sales haven't been helped by recent statements attributed to Ontario's Premier George A. Drew that "his government believed that speculative investment" was in the best interests of Ontario.

• Down to 20¢—However, a number of prominent Canadian newspapers have been prodding Dominion officials to clean up the gold shares speculation, and there is some evidence that the extradition treaty may be submitted when Parliament convenes in August.

Most of the gold shares now being offered for sale from Toronto are in the 20¢-to-60¢ class. To supply the demand for cheap gold stocks that has been aroused by news of the profits achieved in the current boom in legitimate Canadian gold shares, promoters have been rounding up all sorts of mining claims and organizing companies to take these over in return for a substantial amount of the new corporation's authorized stock. After this has been done, an underwriting agreement is negotiated between the newly organized corporation and an optionee; a broker, in turn, soon

agrees to take down shares from the optionee and market them.

• "Sucker Lists"—The new shares and then ready to be peddled for all the traffic will bear. "Sucker lists" of propects, mainly located in the U. S., are mailed literature describing in glowing terms the fabulous profits that have been made in gold stocks, the ore already available in the new mine, and the record-breaking profits immediately assured.

All these data, the prospect is told are "inside" information. He is assured that once the public is aware of what is happening the shares will go kiting.

After the prospect (or "sucker," the term used by the high-pressure stock pushers) has had a chance to digest the brochure, the dealer generally flatten him with a telephone call from far away Toronto. Even more favorable "inside dope" is passed on to the propect in a glib and convincing manner, and more often than not the deal is closed then and there.

• What He Doesn't Hear—No one ever telephones or writes the prospect from Toronto, however, telling him that probably only 5¢-to-10¢ of the 25¢-to-60¢ he is paying per share for his stock will finally find its way to the treasum of the mining company and that the rest represents the profits of the promoting and selling group. Nor is he told that there is little likelihood that his fabulous mine will ever be worked.

UNPAID TAX RATE DROPS

Last year marked the eleventh straight year in which municipal tax collections have shown improvement. fi

In 1944 current tax delinquencies on property in U. S. cities, according to a survey conducted by Dun & Bradstreet Inc., decreased to only 3.9% of total taxes receivable. This is the lowest rate of delinquencies on record and compares with 4.7% in 1943, and 9.25% reported in 1939 before war began to stimulate the American economy, and the 26.35% rate that was giving municipal authorities grave financing problems in the depression year of 1933.

Of 177 cities of over 50,000 population, according to the survey, 153 reported improvement in the rate of current tax collections over 1943. Three cities found 1944 collections as good as in 1943, and only 16 had to confess to a slightly less satisfactory experience.

For the tenth consecutive year, also, cities as a whole continued to collect a total of delinquent and current taxes in excess of the year's actual levy.

One of the most significant developments disclosed by the study was the interest aroused in recent years in better tax collection administration.

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HYDRAULIC JACKS
have many
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For example -- 30 Ton Capacity Hein-Werner Jack enables one man to close 36" filter press in 30 seconds

Take a look around your plant, and you'll find many opportunities to use Hein-Werner Hydraulic Jacks. They are great for lifting heavy loads, moving heavy machinery or materials, pressing bushings, gears, pinions, etc. Super-powerful, easy-operating H-W Jacks are made in models, of 3, 5, 8, 12, 20, 30 and 50 tons capacity.

Ask your industrial supply distributor, or write us for details.

HEIN-WERNER MOTOR PARTS CORP.

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WHAT CAN BE ACCOMPLISHED BY A Deferred Profit-Sharing Plan?

Real advantages can be derived from a Deferred Profit-Sharing Plan correctly designed to meet the specific needs of an organization. Specifically, such a plan . . . calls for the employer to make payments only out of profits . . . assists employees' estate-building and retirement objectives . . . creates incentives for forward-looking employees . . . eases current compensation problems and results in more satisfactory employee relations.

THE INTERNAL REVENUE CODE PROVIDES FOR QUALIFICATION OF SUCH A PLAN, AND THEN

- -payments permitted on account of the plan can be deducted from taxable income by the employer
- -the employee does not report taxable income until he is entitled to receive a benefit
- -the Trust is tax exempt and, therefore, the income and profits are tax free in the trust

The employer's contributions may be based on total profits or on only those profits in excess of a fixed amount or in excess of a percentage-return on capital. Such contributions are placed in trust and may be invested in securities or insurance company contracts or both. The dis-

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tribution from that trust of benefits to eligible employees may begin upon the completion of ten years of membership in the plan or upon death, disability, illness, retirement or other severance of employment. Such benefits may supplement the benefits under a basic retirement plan.

Our 92-page summary entitled "Pension, Bonus and Profit-Sharing Plans," covering the fundamentals of formulating and financing employee benefit plans is available. We invite you or your consultant to write for this study and to discuss your particular case with us—without obligation.

THE CHASE NATIONAL BANK

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a lift to YOUR plant

Chase away fatigue and monotony . step up enthusiasm . . . arouse lively employee interest - with your own industrial broadcasting system

ET this pioneering study of industrial broadcasting show you how to organize, install and operate a workable, effective music and sound system in your plant. The book gives you the whole story, how music in industry has developed, how it affects production and morale, and how its special problems and and techniques can be worked out most effectively in every type of industrial plant, both large and small.



Just Published!

Music and Sound Systems in Industry

By BARBARA ELNA BENSON

McGraw-Hill Industrial Organization and Management Series

121 pages, 5¾ x 8¾, 13 illustrations, \$1.50

WITH this book the program director, the plant executive, or the members of the industrial, "audience" themselves will get an insight into the effective operation of music and sound systems in industry, and what they can and can not do. This book defines the practical problems facing the program director and suggests workable techniques for establishing a smooth running broadcast system as a familiar, welcome contribution to the well-being of men and women in industry. and women in industry.

Study this book for:

-lists of essential studio equipment

-best methods for planning and maintaining the record library

--coordinated human-interest features of broadcasting such as announcing birthdays, acknowledging work well done, etc.

---sample forms for cataloguing records, indicating employee preferences and requests, posting the day's programs, etc.

-actual examples of sample programs, analyzed to show you why some pieces are suitable for work periods, others for lunch or special occasions

-a Discography listing the music on records from

Use this book to plan a smooth-running industrial broadcasting system in your plant, based upon actual experiments work in establishing a typical industrial broadcasting system. Let it help you plan its organization, solve any special problems that may make your plant different, let it point out in advance the common operational mistakes that you might encounter.

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How MUSIC can give PRODUCTION

Under One Roof

Budd, railway car builder, leases huge government plant for use as main manufacturing facility in expansion program.

The largest government-owned war plant yet leased for civilian use has been turned over to the Edward G. Budd Mfg. Co. by the Reconstruction Finance Corp.

· Production Accelerated-The plant, located in Philadelphia, will house all the concern's railway passenger car construction, and, according to Edward G. Budd, president of the company, will permit the construction, in a matter of months, of as many streamlined trains as Budd built from 1934, the begin-ning of the highspeed, streamlined era, to 1942, when that business was halted by the war.

A backlog of orders, and others in prospect, will keep the plant busy for

years, Budd said.

• Built for Planes-The \$21,000,000 plant was built in 1942 by Defense Plant Corp. for the construction of Budd's stainless steel cargo planes (BW -May20'44,p19). However, the structure was converted for shell making when the plane contract was canceled with only 26 of the 600-plane order completed (BW-Jun.24'44,p36).

Budd has signed a five-year lease at

\$649,806 annually for 77% of the space in the plant, which covers 241 acres and has 1,000,000 sq. ft. of manufacturing space. The company has an option on the remainder, which is at present being used as a disposal center for sur-plus military material. The annual rent represents 8% of estimated reproduction cost on the basis of space taken. Included in this appraisal and rent are five cranes, valued at \$162,500, on which rent is figured at 10%, Budd will pay taxes, maintenance, and operating costs.

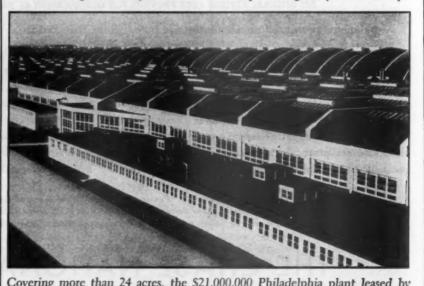
• In Action by Fall-Manufacture of shells will continue in the factory as long as necessary, but, as contracts end, the company will be able to put various parts of the plant into peacetime pro-

duction.

Building of railway cars will be under way by fall, in any event. Tooling will begin at once with all the company's car-making machinery being transferred from the present main Budd plant on Hunting Park Avenue, Philadelphia. That plant will be retained for other Budd specialties.

An interesting feature of the lease is that there are no strings attached as to the use Budd must make of the plant, the rate of operation, etc. There had been agitation for writing in clauses requiring the operator to maintain a specific level of employment or output. • 80 Cars at One Time-The main building of the new plant has six main bays, each 1,800 ft. long and 50 ft.

wide, permitting a layout with ample



Covering more than 24 acres, the \$21,000,000 Philadelphia plant leased by Edward G. Budd Mfg. Co. from the government provides ample space and facilities for Budd's return engagement as builder of streamlined trains.

BUSINESS WEEK . July 14, 1945

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A modern power plant steps down the 66,000-v. current brought from outside to 13,200 v. Power is transmitted to indoor substations which step it down to 440 v. for welding and lighting requirements. Electric feed wires are carried in underground ducts. There are power stands in each column of the two main bays and tunnels extend almost the entire length of each bay. Services are drawn from these tunnels by movable stands which straddle the tunnels. Each stand is equipped with compressed air outlets, water supply, welding power, and 440-v., 110-v., and high-cycle power.

A Pipe's Progress

Bituminized fiber product is clearing legal barriers and preparing to make definite bid for sewer connection business.

Late this spring the Wisconsin State Dept. of Health joined similar departments in Iowa, Kentucky, Maine, and Oregon in specifically approving the installation of bituminized fiber pipe for sewer connections from dwelling houses to street sewers and for the leaching lines of septic tanks.

No fanfare accompanied the approval (nor that previously granted by more than 70 cities, in 24 states that require no state approval, stretching across the country from California to Massachusetts). Yet Wisconsin's action climaxed a veritable underground revolution that has been engrossing the plumbing industry since early in 1943. • How It Began-In a way the revolution began in 1893, when the Fibre Conduit Co., Orangeburg, N. Y., undertook the manufacture of bituminized fiber pipe with inside diameters ranging from 1 in. to 8 in. for use as the conduits of electrical lines. Wood, or cellulose, fibers (furnished mainly by old newspapers) are wet-processed until they are well oriented, formed over smooth mandrels into a homogeneous, unlaminated structure, dried to final shape and size, and vacuum-impregnated with coal-tar pitch to a weight ratio of 25% fiber and 75% pitch.

Since such pipe weighs only about a sixth as much as steel pipe of equivalent dimensions, yet possesses high resistance to crushing, it was inevitable that Orangeburg pipe should be tried out on jobs unassociated with the primary job of electrical distribution. Certain venturesome householders tried it out as downspouting, and it failed when the



KELLY

TRUCK TIRES

Proved and Improved for Over Half a Century

heat of the sun caused the pitch im-

pregnation to fry out.

• In Earth, a Success—Others buried it deep in the cool earth as sewer connections, and it succeeded admirably for a variety of reasons: (1) Ground settling that might crack tile pipe simply causes fiber pipe to flex slightly and assume a new position; (2) acids, alkalis, and other contamination in sewage (as well as in the earth) that might corrode ferrous pipe have minor effects if any on pitch-impregnated fiber; (3) pitch, which has a quality of inhibiting plant growth, licked the problem of tree roots' finding their way into sewers and clogging them.

In 1906, the New York Central Railroad built a group of houses for its employees at Orangeburg, specializing on the local fiber pipe in 4-in., 6-in., and 8-in. sizes for the 2,620-ft. sewer system. In 1942, after the system had served an average of 150 persons for 36 years, the site was taken over by the Army as a part of Camp Shanks.

• By Way of Proof—The system continued to function satisfactorily with an increased occupancy of over 500 persons for a year thereafter until a new system serving the entire camp could be installed. Even then the original piping was not entirely abandoned, for all the footage conforming to the new

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Abandonment of part of the system permitted the Orangeburg pipe people to dig up some of their ancient product and see exactly how it had fared underground through the years. They selected a 30-ft. section near a railroad siding, which represented the most severe conditions of earth-load and vibration from rail traffic. They discovered that some of the 8-in. pipe (which had never been intended for sewage service and was of a light construction used in conduit) was about 0.8 in. out of round.

• Without Cracks—But it was smooth, clean, free from cracks and root growth. Although there was some evi-

New Robot Calculates Dividends and Writes Checks

No operator presides at the new Class 9000 Calculating Addressograph (below, left) for it automatically figures dividends, hourly payrolls, and other large-volume disbursements, writes the checks, and keeps a summary of all the transactions. Postwar tax bills, electricity and gas bills, and other billings to more or less fixed groups of debtors will all be grist for its 4,000-an-hour speed.

• Secrecy Lifted—Semisecret until this time, and only now being tooled for volume production, the machine has already proved its speed and precision in the dividend disbursing department of Manufacturers Trust Co., New York. There one of two hand-built models does a complete dividend job formerly requiring 140 man-hours in ten or eleven machine-hours. Checks, for instance, for the stockholders of National Dairy, who totaled 66,889 as of Dec. 31, 1943, are processed and issued in just two 8-hr. days.

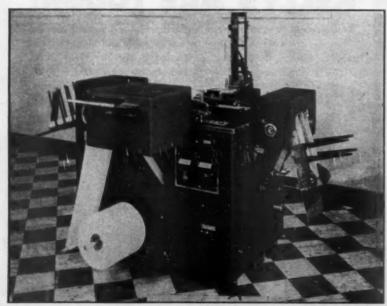
The machine, which is only one of several new developments being readied for sometime after V-J Day by the Addressograph-Multigraph Corp., Cleveland, utilizes

familiar stamped metal Addressograph plates to which have been added punched holes representing the number of stock shares, hourly pay rates, whatever.

• In One Stroke—Plates inserted by the drawerful in the vertical plate stack of the robot are fed one at a time into printing position, energize an inbuilt calculator in accordance with the arrangement of the punch holes, print payee's name, address, and dividend amount on a check at a single stroke, and are returned in order to one of two filing drawers in the machine's right front. Blank checks in sheet form (as illustrated), or in roll form, enter automatically from the left and are delivered at the right, while a summary of all transactions is imprinted on paper furnished by the large roll.

Newest development, which is not quite ready for the dividend disburser, is an undisclosed way of preparing Addressograph plates in Chinese (below, right), Korean, and other ideographic scripts that do not lend themselves

to Roman, Russian, or other alphabets.





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petroleum in the oil fields of Texas, conduit Oklahoma, Illinois, and other states. • Hence a Decision-The heavier type of pipe developed for the oil fields proved eminently suited to sewer connections, and so several government agencies turned successfully to such fiber pipe as a wartime replacement for scarce tile, concrete, asbestos-cement, and cast-iron pipe in many of their various housing, building, and camp projects. Consequently, the immediate

many years to come.

upshot of the Camp Shanks inspection was Orangeburg's decision to go after sewer connection business more intensively. Crane Co., Chicago's vet-eran plumbing house, was appointed national distribution agent for the line

dence of embrittlement in the pitch

surface, it was the judgment of the

Orangeburg director of research that

the sewer would have been good for

Several years before the disinterment

and evaluation of the Camp Shanks

pipe, Orangeburg had been called upon

to furnish several million feet of fiber

pipe to dispose of the corrosive salt

brine that comes to the surface with

in the plumbing field. The National Assn. of Master

Plumbers hailed the decision enthusiastically through its publication, Plumbing & Heating Business, not only because fiber pipe is lighter to handle than cast iron and considerably less subject to breakage than tile but, by reason of an ingenious taper joint, it is more quickly installed than either. A third reason for the enthusiasm is that plumbing contractors can purchase fiber pipe for their own stocks, rather than through building contractors and supply houses which have previously had a

tight hold on piping business.

• A Matter of Codes—Had it not been for plumbing codes on the statute books of various states and municipalities, quite a few of them specifying tile or cast iron for sewer connections, all would have been pretty smooth sailing for Orangeburg. Though there are several competitors in the manufacture of fiber conduit of various types, only one of them, the Lyon Material Co., Barton, Wis., has made any ascertainable play for sewer connection business.

Neither clay nor concrete pipe makers seem greatly concerned about the recent incursions of fiber pipe. Industry spokesmen point out that Orangeburg, whose present diameter range stops at 8 in., offers competition only in smaller installations and that the big money comes from installations with

diameters ranging up to 16 ft.

• Expectations—Now that Wisconsin, which is regarded as a bellwether in health legislation, has spoken, the few remaining laws or regulations preventing the installation of fiber for sewer connections are expected to be speedily

Orangeburg is inclined to think that its big competition in the postwar future is going to come from asbestos-cement pipe, which is somewhat heavier than its product, hence costs more to ship, but like it can be mass-produced, nationally advertised, and merchandised.

Fiberglas Afloat

Two plants in Kansas City area will produce substitute for kapok, used in manufacture of life jackets for U.S. Navy.

By next Jan. 1, it is estimated that all of the nation's carefully husbanded supplies of kapok-the fine, glossy fiber of the silk-cotton tree which came from Java prior to the Japanese con-quest-will be exhausted, unless new supplies are secured in volume.

• Glass Substitute-But there will be no hiatus in the manufacture of Navy life jackets, because volume production of superfine glass fibers to replace the vegetable material in the vital safety equipment is scheduled to be under way on the same date.

The countless small interstitial air spaces between the glass fibers provide buoyancy; additionally, the fibers themselves are reportedly treated with an undisclosed substance which adds buov-

• DPC Plants Leased-Two factories in the Kansas City metropolitan area are being leased from the Defense Plant Corp. by the Owens-Corning Fiberglas Corp., Toledo, under a plant conversion program involving around \$15,000,000 for machinery and equipment.

One of the plants, which has been operated successively by the American Radiator Co. and the Aluminum Co. of America, will employ 900 workers. The other, which has been the modification center of the North American Aviation Corp. at Fairfax Airport, will employ about 600.

• Finer Than Kapok-Superfine glass fibers (with an average diameter of 0.00008 in., which is finer than kapok, and a weight of less than 1 lb. per cu.ft.) has heretofore been used mainly as heat and sound insulation in military aircraft (BW-May26'45,p95).

That the new material may continue to be used as a replacement for kapok long after Java is reopened to commerce is indicated by a Navy announcement setting forth the superiority of the Fiberglas in its resistance to fungus growth, fire, and extended immersion.



GETS RESULTS IN Printing

Next time you consider the production of new business stationery, office forms, or direct-mail material -start off on the right foot! Plan them with your printer. He knows how to step up their appearance and effectiveness while saving time and temper, paper and money. And remember, your printer's plan will do most for you when you specify NEKOOSA BOND-the Pre-Tested Paper for both business stationery and direct-mail pieces.

Paper is still a vital war material. To conserve paper now, more than ever . . .



One of the Pre-Tested Business Papers manufac-tured by the Nekoosa-Edwards Paper Company, PortEdwards, Wisconsin. Companion papers are JOHN EDWARDS BOND, NEKOOSA MIMEO BOND, NEKOOSA DUPLICA-TOR BOND and NEKOOSA LEDGER.

HOW DO GLOVES NEW PRODUCTS INCREASE PRODUCTION?



ASK THE worker. He'll tell you that he can perform his many "hot and heavy" jobs with greater speed and security when his hands are protected with IOMAC INDUSTRIAL GLOVES.

Ask the production-manager. He'll show you that there are fewer injuries, fewer men on the "missing" list when workers' hands are guarded with IOMAC INDUSTRIAL GLOVES.

The remarkable Jomac fabric is a loop-finished cloth that is extra-strong -gives up to 7 times the wear of ordinary work gloves. And washable, too. Write for the full details. C. WALKER JONES CO., Philadelphia 38, Penna.

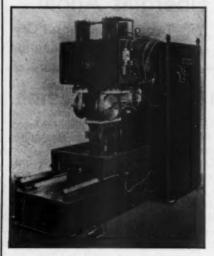


Three Types of JOMAC Gloves

- . REGULAR INDUSTRIAL TYPE
- HEAT- AND FLAME-RESISTING STYLES
 - . SAFETY GAUNTLET-CUFFS

Duplex Seam Welder

In a way, the new Duplex Seam Welder developed by the Progressive Welder Co., 3050 E. Outer Dr., Detroit 12, should have been designated as a double-duplex. Although it welds



two seams on the short dimension of a sheet-steel ammunition box at a single pass, it also welds the two seams on the box's long dimension on the return pass. For the first pass, the two outer welding wheels (above) are used; for the second, the two inner wheels. Since the machine is available in a wide range of sizes, wheel spacings, work fixtures, and transformer capacities up to 500 kva., it is expected to be used on products ranging from toys to railroads and automotive parts.

Operation is automatic after an operator loads a rotary fixture and depresses a foot switch. An air-powered work table rolls smoothly forward into the machine, the welding heads come down on the work, and the outside pair of wheels weld parallel seams of predetermined length. As the pass is completed, the heads lift, the rotary fixture indexes a quarter turn, the heads descend, the inside wheels do their work, and the fixture rotates back to its original position for unloading and reloading. Welding wheels, lower electrode (which is the copper top of the rotary fixture), and transformer are all water-cooled.

Ball-Bearing Plug Gage

Newest product of the Taft-Peirce Mfg. Co., Woonsocket, R. I., is the Emmerton Ball-Bearing Plug Gage which was developed in England to expedite the inspection of war work. A single row of hardened steel balls en-circle the forward end of the cylindrical gaging surface. Since they are free to rotate in their annular retainer, they are said to guide the gage and the work into positive alignment regardless of the angle at which the tool is presented. It is said that the gage, which is available in any size from 1 in. up, glides in and out of work without jamming even

THINGS TO COME

Because aluminum is both a lightweight metal and a quiet metal, which vibrates without earsplitting harmonics, its use is being urged for the brake drums of postwar buses, trucks, trailers, and other automotive vehicles. Not only would unsprung weight be reduced and riding qualities enhanced, but the screeching of brakes too suddenly applied might be eliminated. Wear-resistant braking surfaces inside the drums would be provided by iron or other material sprayed on and machined to a smooth surface.

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- Mirrors of the future will lack the slightly greenish tinge which tends to make the reflection of the possessor of a hangover look worse than the unhappy original. They will be made of a clear, waterwhite plastic that is more transparent and considerably less fragile than glass. The same electroplating process which will apply the shiny, metallic backing to the plastic will also be used to decorate transparent plastic boxes, lampshades, costume jewelry, and other conceits with decorative mirrors in almost any conceivable design.
- The bucolic tragicomedy of meeting a skunk, and not quite getting out of its effective range, will become sheer comedy if the optimistic formulator of a new neutralizing liquid has his way. Armed with a spray gun and a supply of the chemical, the future vacationer or weekender may stride forth into the woods secure in the knowledge that if the little bearer of mercaptan attacks first he can spray his person, his clothing, and even his dog, to overcome the normally nonfugitive aroma.

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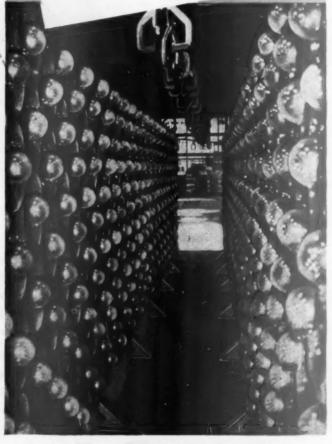
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NATURALLY YOU'LL WANT the production advantages of tomorrow's new, improved electrical equipment. But so often advanced machines fail to work efficiently because plants are electrically underwired.

What about your postwar wiring set-up? Is it planned by past standards or in anticipation of future needs?

Don't take chances—Wire Ahead! Foresighted wiring now can save expensive alterations later—costly downtime—lost production and good will.

Today—call in your consulting or plant power engineer, electrical contractor or power salesman. They know wiring capacity must meet the coming expansion in electrical usage. They too will say—Wire Ahead! Think of the postwar
production advantages
of such equipment — IF —
you've planned sufficient
electrical wiring capacity



Fourteen banks with 36 lamps each give this improved infra-red oven tremendous drying capacity.



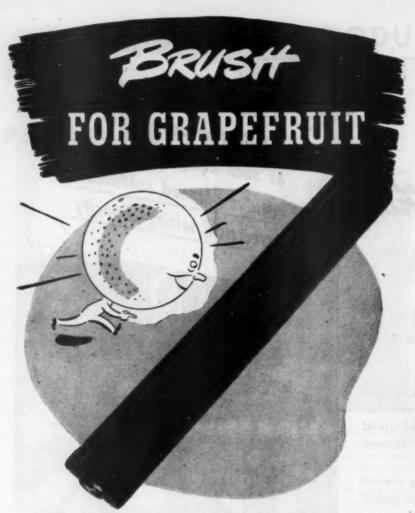
ANACONDA WIRE & CABLE COMPANY

GENERAL OFFICES: 25 Broadway, New York City 4

Subsidiary of Anaconda Copper Mining Company

CHICAGO OFFICE: 20 North Wacker Drive 6 • Sales Offices in Principal Cities

V Check Your Wiring Plans Before They Check You!



MAYBE you never realized that your morning grapefruit was scrubbed up to pink perfection before coming to market—or to your table. Or that a similar brush removes scales from steel sheets used in automobile bodies, refrigerators, radio sets and countless other products.

Power brushing tools reach into almost every industry, doing cutting, cleaning, burring, finishing jobs that result in a better product, produced at a lower cost. It will pay YOU to check into the new power brushing techniques developed by Osborn.

THE OSBORN MANUFACTURING COMPANY

Osborn Brushes

Cleveland, Ohio

though its diameter may be exactly that of the hole being inspected.

Metal Conditioner

Although it is described as a new "pickling" agent for removing scale, rust, tarnish, or incrustations of cement and lime from ferrous, nonferrous, and precious metals, Troxide comes in the form of a dry, inert powder to be dissolved in water and used hot or cold. Unlike the usual run of pickling solutions, it is claimed to throw off neither acid mist nor pungent, toxic fumes. Metal surfaces are said to be left smooth, clean, and bright. The chemical is a product of the Johnson-March Corp., New York, formulated in collaboration with Foster D. Snell, Inc. consulting chemists, Brooklyn. It is marketed by Waverly Petroleum Products Co., Drexel Bldg., Philadelphia 6.

Magnetic Straight Edge

Designed primarily to facilitate the accurate flame-cutting of vertical and



overhead surfaces in the construction and repair of steel ships, the new B & W Magnetic Straight Edge promises to find application in all kinds of jobbing and maintenance work. It is manufactured by the B & W Co., 7610 S. Figueroa St., Los Angeles 13, in three lengths from 18 in. to 36 in.

Business parts are a pair of Alnico permanent magnets (with a combined pull of 18 lb. strong enough to take firm hold on rusty, painted, or oily plates) and a longitudinal member made of heat-treated aluminum alloy that is said to be resistant both to heat-warpage and to corrosion. Since the straight edge can be adjusted sidewise to any angle, bevels can be flame-cut easily.

BUSINESS WEEK . July 14, 1945

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"PCA"
banish PAYROLL worries

The problems of payroll preparations, analysis and financing

The following excerpts from a full report relate the experience of but one of hundreds of concerns, both large and small, who have found in Remington Rand Punched-Card Accounting the answer to their complex payroll problems.

"Our building in this yard of many types and sizes of naval vessels within a two-year period would not have been possible without the most effective use of labor-saving equipment, including Remington Rand Punched-Card Accounting and Tabulating Machines, which we installed in the fall of 1941. Since then the compilation of the payroll for 25,000 yard workers, the issuance of their weekly checks and the distribution of labor cost, has been handled with increasing smoothness and effectiveness.

"The cost of computing earnings, making Social Security, income tax, war bond and other deductions, tabulating payroll checks, compiling the payroll register, and

preparing labor distribution and personnel reports, and government billings, is less than 1/3 of 1% of the payroll . . . equal to ten minutes pay per worker. It is regular routine to print and tabulate the 25,000 checks and tabulate the many reports within a single shift.

"Since the navy audits and pays this bill without delay, its check reaches our bank in time to cover the payroll checks. This perfect timing results from the superb efficiency of Remington Rand Punched-Card Accountancy."

The full report of this operation, Certified Report No. 4313, carries a wealth of helpful information on solving payroll, labor distribution and other production problems. It's free to interested executives by writing to our nearest office, or direct to Remington Rand Inc., Tabulating Machines Division, Room 1722, 315 Fourth Avenue, New York 10, N.Y.

Only REMINGTON RAND Makes the Interfiling Reproducing Punch

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The Interfiling Reproducing Punch, exclusive with Remington Rand, is one of the most amazing machines in punched-card accounting. It compares, duplicates, repeat punches, selects, transposes, sorts, and verifies the information on abulating cards at the rate of 6000 to 12000 cards an hour.

Remington Rand
PUNCHED-CARD ACCOUNTING

vanished when Seattle-Tacoma Shipbuilding Corp., Tacoma, installed Remington Rand Punched-Card Accounting.





MARK of a System of Accuracy

Write for: "The HOLE-STORY of Punched-Card Accounting"—
the book that tells a vital story to business. It's FREE!

BUY BONDS - Buy Victory and Peace

STEADY JOBS and EQUIPMENT BUYING

Sustained employment is not an attainable goal unless we can moderate the erratic fluctuations which have characterized the markets for producers' equipment in past

periods.

In the 35th editorial of this series, "Sustained Construction Activity", it was pointed out that there is no specific that can cure our economy of its "boom-or-bust" proclivities. Rejecting the notion that the construction industry could be so managed as to stabilize business as a whole, that editorial stressed the important contribution it could make to that end, and suggested several practical expedients through which construction activity might be regularized.

Producers' equipment represents an area of production quite as broad and diverse as construction, though smaller in aggregate value. The classification embraces all types of durable equipment bought and used for profit — locomotives, motor trucks, electric generators, conveyors, machine tools, farm implements, and so on down to surgical instru-

ments and dentists' drills.

Although the output of such equipment averages over a long period only 5 or 6 per cent of the nation's total output, it resembles construction in its extraordinary ups and downs. While its component items differ widely in the amplitude and violence of their fluctuations, the class as a whole is one of the most unstable sectors of the economy, making therefore a quite disproportionate contribution to the cyclical swings of total production and employment. From 1929 to 1932, for example, the decline in the output of producers' equipment (at constant prices) was 65-70 per cent, in contrast to a decline of 25-30 per cent in the national output exclusive of such equipment and construction.

A more recent example of the volatility of demand in this field may be found in the movement of a monthly index of orders for industrial equipment, which rose from 92 in the spring of 1936 to 160 in the spring of 1937, falling thence to 65 in the summer of 1938 and rising again to 142 in the fall of 1939. Such fantastic oscillations present an obvious and inescapable challenge to all concerned with economic stabilization.

Not only are these fluctuations bad for the economy; they represent demonstrably bad buying policy on the part of the purchasers of equipment. Peaks in demand come characteristically just before a business depression (1919, 1929, and 1937, for example) when machinery costs the most to buy and install and when it has the lowest expectancy of continuous use. At exactly the wrong moment everyone wants to buy. In the depression itself, on the other hand, with costs down, and with nowhere for the economy to go but up, equipment is a drug on the market. No one wants it when it is cheap and has the greatest prospect for steady employment. Here is a behavior pattern so profoundly irrational there must be hope for its correction.

There is an inveterate tendency for business manage ment to forecast the future simply by projecting the trends of immediate past. Although it is axiomatic that the chance for an extended period of further prosperity is inversely related to the duration of the prosperity already expen enced, this truism is generally ignored. The longer the boom has run, the more certain is business management that it will continue indefinitely. Convinced at last by "actual experience" that prosperity is here to stay, execu tives give the green light to commitments for expansion and modernization previously deferred in a skeptical atti tude of "wait and see". The result, so often repeated in our economic history, is an explosive burst of demand for equipment coincident with, and contributing to, the final spasm of a boom. Witness the phenomenal rise in industrial equipment orders during 1928 and the spring

The same prophetic illusion works in reverse during a depression. Recent experience is projected into the future. Although the mathematical probability of an imminent and prolonged period of prosperity increases directly with the duration of a depression, it finds little reflection in business decisions. Timidity and caution are the order of the day.

Compounding the errors caused by faulty perspective, are a number of influences which make it extremely difficult for individual enterprises to follow a policy geared to sensible long-term considerations. In a boom, particularly in its climactic phase, most producers find their order books crowded beyond the potential of their current capacities and are faced with the alternatives of expanding or losing trade to competitors. In depression the situation is reversed, and producers with unused facilities find it difficult to justify increases in their capital charges.

An even more controlling factor in many cases is the

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ailability of funds. This is especially important for small oncerns. Typically such firms enjoy but limited credit, nd with no ready access to the securities markets, their mital expenditures depend primarily on earnings. When ev are making money, they can afford to buy equipment; hen they are losing, they largely disappear from the minment market. Even great enterprises, though less pendent on earnings as a source of capital financing, profoundly influenced by the volume of internal funds ailable for the purpose, a volume as a rule far greater in rosperity than in depression. Moreover, it is usually easier good times to obtain outside funds through the sale of ock or by borrowing, since in bad times bankers, underriters, and investors are susceptible to the same timidity nd caution that afflict business management generally. We are dealing here with a combination of psychologil, physical, and financial forces which conspire to agavate the instability of demand for capital equipment. Vhat can be done to reduce this instability and thus to ring equipment purchasing into a more sensible and instructive pattern?

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There is no panacea, no royal road to the solution. The oblem has been with us since the beginning of the instrial economy. It is complex and difficult. It is not, owever, wholly intractable. We may reasonably hope that dustry will, through intelligent effort, make substantial ogress toward a satisfactory solution. The industrial uipment field is one in which government, except for ar periods, has exerted little direct control. The best inrance against the institution of government measures to so conduct activities in the equipment field that no stification for government interposition can be made.

1. The first and most important step is for industry itself reconsider its heretofore haphazard and opportunistic policy the purchase of equipment, substituting so far as possible regularized, long-range programming of expenditure that will ist both the excited long-buying of booms and the equally turbing underbuying of depressions. Such long-range protion in amming is particularly appropriate and advantageous for order of ge enterprises in established industries such as railroads, ectric power, steel, automobiles, and the like, but it makes

once executives come to realize that a reasonably stable pective, uipment program contributes not only to the welfare of the onomy but also to the lowering of their long-run equipment sts, the opportunity to combine a public service with private vantage should induce them to recast their policies accordir order

> There is an even more compelling reason for purchasers of dustrial equipment to do everything possible to regularize eir demands. Some concerns unquestionably will find themves in a postwar position where speedy delivery of needed uppment, even though it involves the payment of premium ices, will seem to be justified. But there is no system of

accounting that can show it to be a profitable transaction to promote an equipment industry boom that runs a brief course only to collapse when the backlog of deferred maintenance and development has been satisfied. That, historically, has been the trigger which trips the door to the depression phase of the business cycle. No immediate advantage can compensate for the contagious paralysis that infects all business enterprise when major layoffs occur in any major segment. No precautionary measures, self-imposed by business, can be regarded as unduly severe if they can prevent this devastating blight.

2. Financial agencies can and should play a responsible role in regularizing equipment demand. Funds for the purchase of producers' equipment should be offered boldly and at low interest during depression periods, and should progressively tighten as a boom market bids up the price of purchase and installation. Banks and financial houses have excellent facilities for gathering and interpreting market and general economic information. It is good business for them, and for the national economy, to exercise their accepted discretions in a manner that will help to promote economic stability.

3. There now is almost universal recognition of the need for a thorough-going revision of our corporate tax structure to the end that effective incentives may be offered for private capital investment. The possibility of including provisions which would offer special tax concessions to equipment investments made in depression periods is worthy of intensive exploration.

The fundamental problem here is educational. If all business enterprises in a position to do so were to regularize their equipment expenditures, it would have a tremendously beneficial effect. True, it would accomplish no miracles. For many concerns it is not feasible to schedule equipment buying over a long period. Even those who do schedule it are likely in practice to attain only a relative stability. It must be acknowledged, moreover, that few programs could withstand indefinitely a very deep and prolonged depression such as we had in the thirties. Nevertheless the adoption of stabilization policies where feasible would make a signal contribution both to the restraint of booms and to the mitigation of depressions. Here is something industry can do for itself.

It is easy to disparage such remedies for economic instability as are here proposed on the ground that they are partial only. However, joined with others also partial, they can achieve in combination a solid progress toward the goal of sustained high level employment-progress that is unattainable through economic cure alls. The road suggested is a slow road, and difficult, but it leads upward.

Mus H. W. haw.

President, McGraw-Hill Publishing Co., Inc.

MARKETING

Advertising Has Eye on Autos

While limited 1945 production won't provide the stimulus that some expect, it may usher in an upturn for media that were hit by motor manufacturers' curtailment of their wartime budgets.

Resumption of automobile merchandising (page 21) after the present first tricklings of production is unlikely to give advertising the powerful shot in the arm that has been hoped for in some quarters.

Since the 1945 quota of 240,000 cars is pitted against a demand that is certainly ten times as great, no stimulation of the urge to buy new cars will be

• Newspaper Outlook—Dealer cooperative funds, backbone of the newspaper schedules, have been dwindling since the war began. While a small increase is expected for the rest of 1945, it is doubtful that it will be sufficient to balance earlier declines. If that proves to be the case, total newspaper linage for 1945 may fall below last year's 31,500,000 lines reported by Media Rec

ords, Inc. (BW-Feb.3'45,p76).

Biggest increase might develop for magazine schedules, where factories may overspend themselves at the start of their production cycles in efforts to bring their names keenly into public consciousness again with institutional

promises of better cars.

 Radio's Anticipation—Radio, always an up-and-down medium for autos because of the weight of one added or discontinued big program, also anticipates better things. Several sizable new shows are reportedly already being

arranged.

However, radio has fared better than some other media in retaining automotive advertising during the war years. For example, General Motors Corp.'s budget for radio advertising climbed steadily in 1942 and 1943, and reached an all-time high of nearly \$1,000,000 in 1944. On the other hand, its newspaper advertising last year was only a fraction of the more than \$12,000,000 spent in 1940.

• Prospective Programs—Now entertainment circles have General Motors planning a new program starring Frank Fay, in addition to continuing sponsorship of the NBC Symphony Orchestra. Chrysler is reportedly interested in a radio show featuring Lily Pons and Andre Kostelanetz. Ford is believed to be thinking about sponsoring the Detroit Symphony again, as in

prewar days

Advertising men in the automotive agencies qualify their general opinions on advertising indexes with the note that any expansions of production quotas for the passenger car companies would probably change their anticipations overnight. Should quotas for 1946, for instance, be measurably increased, then the producers may be expected to prepare, as in the past,

for advertising expenditures commensurate with quantities of cars manufactured.

• The War Picture—All the same, total automotive advertising expenditures will probably prove substantial in comparison to the low figures of the past

three years.

The onset of war in late 1941 brought instantaneous reaction in automotive advertising budgets. For instance, total automotive newspaper linage dropped from 56,444,567 in 1941, to 26,823,244 in 1942. Money spent in 1942 dwindled to a third of the 1941 total.

In 1943 a climb began, bolstered by considerable copy stressing service, placed cooperatively with dealers. Totals that year were a good 50% above 1942. The Big Three (General Motors, Ford, and Chrysler) spent a total of close to \$19,000,000 compared to \$10,000,000 in 1942. Advertising dollars flowed still more freely in 1944 (the Big Three spent about \$23,500,000), but nevertheless, they still came to only about two-thirds of the 1941 volume of the industry.

• On the Billboards—Outdoor advertising, too, is on the upswing. For the past year Ford has been using boards in the traditional teaser fashion, advertising "There's a Ford in Your Future." Other manufacturers are following suit. But however much outdoor advertising may gain during 1945, it will undoubtedly still have a long way to go before it comes anywhere near achieving the outdoor advertising totals of prewar years.

As the auto industry goes into its postwar campaign of merchandising new advertising agency faces will be in the picture. The most significant change from prewar is the entry of J. Walter Thompson into the Detroit scene, handling the Ford factory as



ALL'S FAIR IN WAR

With fingers crossed for the duration on state highway limitations, North American Aviation loads up one of its eight mammoth truck-trailers for the 50-hour run between the company's plants in Dallas, Tex., and Inglewood, Calif. The 77-ft. monsters, converted from Army use by the addition of a metal roof, carry light bulky cargo—principally tail-cone assemblies for P-51 Mustang fighters. They are powered by two V-8 Mercury engines.

count and several of the company's 33 sales areas. Maxon, Inc., handles the other sales branches.

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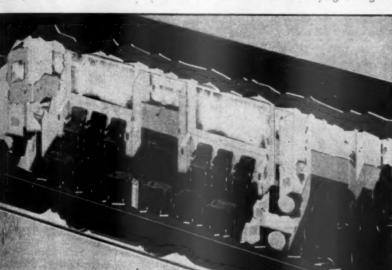
14, 1945

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• Getchell's "Legatees"—N. W. Ayer, Inc., has the substantial account of the Plymouth division of Chrysler Corp., formerly handled by the dissolved J. Stirling Getchell agency. Some advertising is being placed for Plymouth by Grant, Inc. The other erstwhile

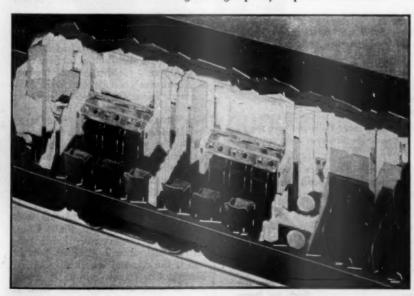
Getchell account, DeSoto, is handled by Batten, Barton, Durstine & Osborne. Copy for the Chrysler division is being placed by McCann-Erickson, Inc.

One factor which should help advertising linage in the months ahead will be the probable reappearance of the auto finance companies. Sharp curtailment of auto credit buying during the



SLEIGHT-OF-HAND ROOM SERVICE

Pullman-Standard designers, masters at making furniture and such appear and disappear in and out of floors and walls, present their newest feat—transforming a coach lounge into twin dressing rooms complete with washbasins. By day the lounge (above), mirrored to create spaciousness, provides club-like facilities for smoking and relaxation; by night or early morning a sliding partition bisects the room, banks of washbasins are flipped into place (below) from concealment under the mirrors. The company reports the extra coach luxury can be achieved without sacrificing seating capacity of prewar-built cars.



BUSINESS WEEK . July 14, 1945

35 YEARS HANDLING EXPERIENCE to help you!

As a pioneer in the materials handling field, Mercury has over 35 years experience designing, manufacturing and installing handling equipment. This experience is available to you without cost or obligation. For on the spot consultation, ask a Mercury Sales Engineer to call.



TRACTORS and TRAILERS: Choice of "Tug" electric tractor or "Banty" gas tractor. A complete line of industrial trailers.



PLATFORM LIFT TRUCKS: Low and high lift models. "Standard" 4,000 lb. capacity, "Senior" 6,000 lb. capacity.



FORK LIFT TRUCKS: "Jeep" 2,000 lb. "sitdown" model, and "Yak" and "Yak" and "Yak" 4,000 and 6,000 lb. "stand-up" center control models.

If you baven't obtained a copy of Mercury catalog No. 7-11 write today.





THERE'LL come a day when department stores, groceries, and other retail shops will again be filled with the clothing, domestic appliances, food, and the many other products we all need.

But how will millions of tons of these articles be carried quickly and inexpensively to your city or town when the green light is given on peacetime production?

The answer: By railroad! For only your railroads have the capacity and equipment to provide the low-cost mass transportation that will be required.

The Erie, as a progressive railroad, will continue to use training, research, engineering ingenuity and advanced technology to further improve its service.



ONE OF AMERICA'S RAILROADS-ALL LINITED FOR VICTORY



Buy and Keep War Bonds and Stamps war years cut their expenditures sharply.

• More Space—The finance companies are now interested in identifying themselves once more with the expanding automotive merchandising picture. More space can be expected in behalf of General Motors Acceptance Corp., Universal-C.I.T. Corp., Commercial Credit Co., and smaller companies in the field.

However, they will have no new inducements for financing. The Federal Reserve's stringent Regulation W is still in effect, calling for payments of at least a third down, and balance within 15 months.

FM Lays Its Lines

While one firm readies a converter unit, radio industry takes stock of what FCC's real-location order will entail.

Radio set manufacturers and broadcasters last week were settling down to the problems of salvaging as much as possible of existing FM transmitting equipment and the estimated 500,000 home receiving sets made obsolete by the Federal Communications Commission's final decision to shift FM upstairs in the radio spectrum (BW-Jun. 30'45,p90).

• First to Announce—Only manufacturer so far to announce publicly plans for making FM converters that will make it possible for owners to use their present sets in receiving programs on the higher frequencies is the Hallicrafters Co. of Chicago. Hallicrafters already has applied to OPA and WPB for spot authorization to manufacture 250,000 of its one-tube converters.

The company believes that this model can be made for \$5.60 f.o.b. Chicago, if sales are of sufficient quantity. It should sell to distributors for less than \$10. Allowing for distributor's markup and repairman's installation charge, Hallicrafters figures the converter will cost the set-owner about \$15. Radio engineers have questioned the effectiveness of this one-tube converter for set owners not in the primary coverage area, and if their doubts prove to have substance, Hallicrafters will have ready a three-tube model which may cost around \$18, apart from installation charges.

• If Demand Warrants—Majority of the set manufacturers are playing their cards close to the chest. Radio Corp. of America, for example, has a converter which it will place in production if the demand warrants. General Electric Co. frankly admits it would just as soon let things stew until it



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No need to get hung...

Some people think stainless steels are highly desirable, but so difficult to fabricate that they may be hung up if they try. But actually, stainless steels merely have their own requirements, their own machining rates, welding, forming and heat treating techniques. You can learn what they are from us rapidly, because our business life is devoted wholly to producing stainless and helping fabricators select the right grades, the correct processing methods. Stainless has many great advantages - enduring beauty, strength and heat resistance, economy due to long, sometimes endless life. Some grades can be made extremely hard for abrasion resistance, others soft for cold forming, some non-magnetic and others with special high elastic properties. Write us. Rustless Iron and Steel Corporation, Baltimore 13, Maryland. Sales offices in principal cities, distributors everywhere.

Producing Stainless Steels Exclusively





Great Community Retrigeration Center Serves Charleston,

That describes the plant of the plant of the plant of the plant of ice are made daily, and 15,000 fur coats as well as 35,000 bushels of apples are stored each season. General cold storage capacity is 250,000 cubic feet.

W. Va.

Refrigerated food lockers, 425 of them, are rented. The freezer storage rooms hold all kinds of frozen foods. Pipe lines carry cold brine to three branch meat stations, also to a research laboratory.

The Diamond Co.
operates 5 country ice routes, has
23 in town; it does
railway car icing,
sells crushed ice,
and air conditions
its offices with ice.

In short, this COMMUNITY REFRIGERATION CENTER supplies "cold" in practicelly any way required. It shows what can be done with Frick refrigerating, ice-making and air conditioning equipment to satisfy all the cooling needs of a locality. Get copy of Bulletin 126, telling what a COMMUNITY REFRIGERATION CENTER can mean to your town.

STORING RUGS

TEST LAB

FRICK COMPANY WAYNESBORO sees how many manufacturers are going into the converter business, and how large the market is.

A number of engineers and set manufacturers doubt that the FM converter will do the job; they say a converter is bound to lose something in receiving set sensitivity. These same critics contend there will be an inevitable drift, and that the listener will have constantly to keep correcting the dial position. Hallicrafters discounts these objections and says its converter is subject to no more drift than the usual FM tuner.

• No Immediate Problem—On the question of keeping the goodwill of the purchaser who laid out good money for a prewar FM set on assurances he would be ready for postwar reception, most manufacturers hold that as long as FCC allows broadcasting on the present band, or on both the old and the new, this is not a problem. The trade figures it will be close to two years before there is a sufficient number of sets as well as broadcasters operating on the new high frequencies for the FCC to eliminate entirely broadcasting in the present 42-50-mc. band.

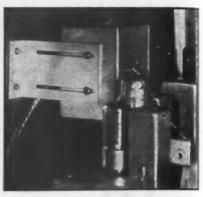
Meanwhile, designs and production plans for new FM receivers, many of which are likely to be offered customers on a trade-in basis, are going full speed ahead

• Super-FM-RCA, which sold no FM home receivers before the war, is advertising an entirely new system called Super-FM, claiming extremely high fidelity and the elimination of all outside static. Table models with both AM (standard) and FM reception will retail for about \$59; console models for \$150 and up.

Particular trade interest attaches to the plans of Philco Radio & Television Corp., the country's largest manufacturer of standard radio receiving sets prior to the war. At that time Philco manufactured an FM unit also, but this set did not operate on the Armstrong system (patents owned by Major Edwin H. Armstrong, who devised the present FM system).

• As the Trade Hears It—Now the trade hears that one of the steps which Philco will take to develop an improved FM set will be to use the Armstrong patents, although no application for a license has yet been filed. However, a second rumored Philco development engenders even more trade interest, for this involves the introduction of a new tube, one that would be especially effective in the new high frequencies to which FM has been assigned.

Philco was the only set manufacturer which did not originally protest FCC's plan to boost FM upstairs, and industry speculation has it that the explana-



Hallicrafters' one-tube FM converter which the company seeks to produce in volume, will enable existing FM sets to tune in on the new frequency wave bands assigned FM transmitters. Measuring 4x3x2½ in., the converter can be attached inside sets (above) within 15 min. The single knob control has two settings to cover the new 88-to-106 megacycle band, permits station tuning in the usual manner on the regular set dial.

tion for Philco's novel attitude is to be found in its development of the new tube. Much of the work Philco did during the war for the Armed Services was in the very frequencies now assigned to FM, and it is logical to expect that Philco's experience in those frequencies led to various engineering improvements.

• Station Equipment—So far as broadcaster's transmitting equipment is concerned, it was estimated at FCC hearings that all 33 commercial stations now operating could be modified for service on the higher frequencies for a combined cost of \$300,000. FCC officials are of the opinion that the cost will be even less.

Majority of the FM transmitters now operate on between one and ten kilowatt power, and original equipment for a one-kw. transmitter costs approximately \$9,000. Western Electric, G.E., RCA, and Radio Engineering Laboratories manufactured all the prewar FM transmitters.

 What Is Involved—Necessary changes in this equipment mainly involve trimming down the arms of the antenna, and modifying the actual transmitter so that it will operate properly on the new frequencies. This isn't expected to cost more than one-third of the original investment.

For broadcasters who, during the interim period, want to serve both old and new audiences, R.E.L. last week an-



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the to nal inind anAnd then, there's the old story about the farmer: "When I say scat! By golly, I mean scat!" He got immediate action because he had prepared for it—he had cut two holes in the cabin door. So it is on the Norfolk and Western Railway. When there's freight to be moved in a hurry—this railway is prepared for it. When the word is given, it moves, now, and promptly to destination.

This quick action for shippers and receivers of freight is the result of "know how," plus facilities and equipment which are maintained always in top-notch condition. When your freight is consigned to the Norfolk and Western you can rest assured that it will move speedily, efficiently and safely—over N. & W.'s double track of heavy-duty steel rails laid on deep, well-graded stone ballast—a smooth roadbed that is second to none.

Specify the Norfolk and Western, for quick action on your freight shipments, and watch the results.

Morpolkand Hesterse. RAILWAY

PRECISION TRANSPORTATION

MOBILIFT is King of Cost Cutters in **Materials Handling**

You wouldn't think of manufacturing a product by hand if a machine could do it better, faster and cheaper. Yet thousands of firms are using hand trucks for handling materials when a Mobilift could do it better and faster-and save thousands of dollars per year in handling costs. Mobilift can do it in your plant. It will move your materials faster! It will solve your manpower problem over-night. It will reduce accidents to workmen and damage to merchandise. Mobilift will load.

stack and transport your materials with-

Prove it to yourself. A Mobilift engineer will be glad to show you how you can cut your handling costs. Send for particular information and suggestions-today.



Sales Offices: 34-48 Steinway St. Long Island City, N.Y. 2430 So. Parkway Chicago, 16, Ill. 107 Walton St., N.W. Atlanta, Ga.

MOBILIF

Moves Materials like a Giant!

VAUGHAN MOTOR COMPANY • 835 S.E. Main St. Portland 14, Oregon

nounced a \$10,000 power converting device that will enable the stations h emit simultaneously the old and the new frequencies.

FCC, hoping to get engineering prob lems ironed out and rules and regula tions determined as soon as possible has called informal engineering hearing on FM, facsimile, and television fo July 12 and July 13.

Gamble Expands

Retail food departments added on an experimental basis Idea will be introduced into more outlets if results justify.

Highlighting the wartime trend which is wiping out traditional classifications and divisions of retail trade Gamble Stores, Inc., of Minneapolis, which 13 months ago began expanding its 1,900 midwestern and Pacific Coas outlets into streamlined editions of the old country general store (BW-Jun.1) '44,p97), last week took a step which will carry that program even further, this time into retail food trade.

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• On Experimental Basis-W. J. Larson, who joined Gamble two years ago as a consultant in organizing and expanding food department operation, was named general manager of the newly established food division.

Food departments have been opened in seven company-owned stores and 15 dealer stores on an experimental basis. More will be opened as rapidly as possible. They will be added to the regular hard and soft lines now carried by Gamble stores, including clothing, hardware, automobile accessories, furniture, and similar items. It is expected all or most of the 300 company-owned and 1,290 dealer stores in 21 states eventually will carry foods.

 As Supermarkets—Indications are that the food departments will be operated on supermarket principles, cash and carry, with emphasis on private brands and, of course, low price.

The new head of Gamble's food division has been a food distribution executive for 25 years. For the past eight years he has been managing partner of Minnesota Super Markets, operating six supermarkets and farm stores in northern Minnesota. (Larson will continue his interest in this organization.) From 1933 to 1936 he was branch manager of National Tea Co. in Minneapolis, directing operation of 250 retail food stores. For twelve years previously he was connected with Grand Union Co., operating a large chain of food stores in New England.

Fluorescent at its Finest!



Window Displays snap-up with abundant Sylvania Fluorescent light to offset street reflections, to show goods in true color.



Stores can be flooded with sales-building light all day long, thanks to low operating cost of Sylvania Fluorescent Lamps.

Showcase Lighting with cool, color-true Sylvania Fluorescent Lamps brings out natural quality of merchandise. Lamps -6" to 96"-now available.



Offices need steady, continuously high level of light—get it from Sylvania Fluorescent Lamps! Result: less eyestrain, fewer errors!

Tips on using Fluorescent

Fluorescent lighting is at its best when you use lamps of the right color.

In most stores, offices, factories, WHITE is right—gives most light—is closest to regular incandescent light in color.

SOFT WHITE flatters flesh tones. It's best used where warm-colored merchandise or food is displayed.

Use DAYLIGHT to create a "cooler" atmosphere, to simulate real daylight, to point up blues and greens.

Order Sylvania Fluorescent Lamps from your dealer now! Sylvania Electric Products Inc., N.Y. C. COMMING SOME STATE OF THE PRODUCT OF THE PROPULTIES OF THE PROP

Need Light Bulbs?
Sylvania Bulbs also give



SILANIA SIGNIII SIG

Factories want lots of long-

lasting light. Sylvania

Fluorescent Lamps have life ratings up to 6000 hours,

cut maintenance costs.

New Position Indicators! This exclusive

Sylvania feature tells at a glance when a

lamp being inserted is in proper burn-

Makers of the World-Famous Sylvania Radio Tubes

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14, 1945



★ The "bugs" in a product can often be traced to improper springs. Therefore, work closely with Muehlhausen engineers and be sure of springs designed correctly for every application —that will function accurately under all conditions—that may lower costs, save space, and improve product design. MUEHLHAUSEN SPRING COR-PORATION (Division of Standard Steel Spring Company), 775 Michigan Ave., Logansport, Indiana.

To improve product performance,
use MUEHLHAUSEN
Designed

SPRINGS



Says clever little Joan:
"Cut colored tabs to suit each need
From handy MAK-UR-OWN."

GENUINE - ORIGINAL

MAK-UR-OWN

CELLULOID TRADE MARK MIS. V. S. A.

INDEX TABS

Write, type or print any index, slip into MAK-UR
OWN strip, cut to length and attach permanently in a moment. 7 colors, 3 widths; printed sets and die-cut tabs.

At your stationers.

Equip every desk with



MAK-UR-OWN Index Tabs

THE VICTOR SAFE & EQUIPMENT CO

Paper Projects

Plans and rumors of plans for new publications fly thick and fast as Washington hints restrictions will be relaxed.

Last month's hint out of Washington that improved paper supplies might result next quarter in the first relaxation of publishers' quotas uncorked a lot of enthusiastic planning for the day when all restrictions are lifted.

Along Madison Avenue and Michigan Boulevard, rumors of new publications, ready to be launched as soon as the brakes come off, multiplied spectacularly. Publishers, playing their cards strictly on the vest front, uniformly denied all reports, but the gossip-mongers were not discouraged.

 Here They Are—Some of the rumors dated several months but were renewed for the occasion. Those which made the

biggest splash included:
That Time, Inc. (Time, Life, Fortune, The Architectural Forum), had its experimental staff at work on at least two magazines—one a women's home and service magazine; the other, a journal of opinion, perhaps called "Common Sense," a title reportedly purchased recently by publisher Henry Luce. (Life's recent emphasis on household architecture is cited as an indication of the Luce interest in the home field.)

That Curtis Publishing Co. (Ladies'

Home Journal, Saturday Evening Post) would put out a Life-like picture magazine; also a Fact magazine of nonfiction articles; might take another fling at a magazine for children. It's reported that Curtis already has copyrighted the name "Holiday" and has plans for using it on a 50¢ monthly featuring vacation spots and fashions.

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That Marshall Field (Field Publications-PM, Chicago Sun, Parade) was all set to inject a liberal viewpoint into the farm weekly field, setting up Cross Country Reports with James Paul Warburg of Sidney Hillman's Political Action Committee as partner. That in addition he had turned over \$100,000 to Norman Cousins' Saturday Review of Literature to push work on four dummies, including a national New Yorkertype magazine, and a liberal mass circulation weekly resembling in format the Saturday Evening Post. Field's rumored offer to buy John Cuneo's Liberty magazine reportedly fell through when the terms were too stiff. Now Liberty has improvement plans of its own.

That Street & Smith Publications (Mademoiselle, Charm, Air Trails) would have on the news stands as early as Aug. 15 a bigger and better "Pic" aimed at the returning war veterans, having less pinup appeal and more pictures and text presumably along the lines of a young man's civilian interests—home styles, stories, business.

home styles, stories, business.

That the Cowles brothers, Gardner and John (Look, Des Moines Register, Minneapolis Star Journal), whose interests of late have turned more toward

Milk Drivers Fight to Hold Gains

When the Office of Defense Transportation early in the war banned night deliveries of milk it was heeding, in order to get cooperation on various tire and fuel saving orders (BW-Jun.9'45,p94), a long-time demand by milk truck drivers for improved living standards.

• Old Customs May Return—When the war ends, ODT restrictions will be eliminated. Unless contracts can be redrawn or state and municipal laws can be passed banning night deliveries, drivers foresee a return of the era when the old gag about "coming home with the milkman" was true.

In New Jersey, the Milk Drivers & Dairy Employees Union, Trenton Local 608, affiliated with the A.F.L. teamsters, won a fight to have ODT night delivery restrictions incorporated in state statutes when Gov.

Walter E. Edge signed a bill barring house-to-house delivery of milk between 6 p.m. and 6:30 a.m. The time applies to departure from dairy garages or stables. Hence, unless consumers have late breakfasts, milk will continue to reach them too late for the morning bowl of cereal.

• Hardship Claimed—The New Jersey union had been campaigning for seven years for a ban on night deliveries, arguing that night work is an unnecessary hardship on drivers. Most employers (Gov. Edge estimated 95% of them) favored a law at 1945 legislative hearings.

Small concerns, in which drivers must double in other jobs, and oneman dairies in which the owner does everything from milking to delivering, opposed the new law as a hardship which might force them out of business. Trial by Television

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On Aug. 8, Judge Samuel R. Blake, Los Angeles, expects to take testimony for the first time in history by television. Arrangements are being made to install two-way television and radio facilities in the courtroom and at the home of a bed-ridden litigant.

• Because of an accident, Mrs. Mathe J. Anderson will be unable to appear in court, but is otherwise capable of testifying, according to her counsel, that she was high-pressured by a real estate agent into offering her home for sale at a cut rate but canceled the offer before the purchaser paid \$20,800 into escrow.

Judge Blake had been looking for a guinea-pig case where all parties would agree to television; the idea appealed to him as speeding litigation.

• Costs of the installation are being borne by the Communications Equipment Corp., a Pasadena company which is actively experimenting in the development of new markets for radio and television.

radio, still might come out with their so-called Magazine X, or utilize more pictures and less text in the publishing of books.

That Fawcett Publications (True Confessions, True Magazine, Startling Detective), too, had expansive plans that provided for as many as half a dozen new titles, among them a fashion magazine.

That Harper's Bazaar is planning a junior publication to match Glamour, the very successful and profitable offspring of its arch competitor Vogue.

FACTS FOR PHARMACISTS

In most small cities and towns the retail druggist is a community leader; his occupation and training give weight to his views and opinions.

To give these men (there are 23,300 drugstores in towns of under 10,000 population) basic information on the problems of peace which they can use in turn in their community or neighborhood discussions, American Druggist magazine in its July issue offers a novel educational feature.

Eleven articles by as many widely known government officials, business leaders, and commentators cover a range of subjects from foreign trade to the San Francisco conference, from Russia to American internal affairs—all designed

WHERE YOU NEED

WHERE YOU NEED

WHO COLOR. ...

THE EASIEST WAY TO EXPAND ATR

IF POSTWAR competition and rising costs require more efficient production in your plant, you may find the answer in the increased use of compressed air, the cheapest servant you can hire. Study production processes to see if some operations could be improved through the use of air at higher pressures than the central air unit provides. Check to determine if your present central air compressor is overloaded or badly in need of repair.



In such cases Wayne smaller compressors spotted here and there in your plant, provide economically the needed expansion of air service.

This plan also eliminates danger of complete plant failure due to lack of air, and saves the cost of operating your big central unit when only a few departments work overtime. Ask for copy of booklet illustrated and catalog of Wayne Compressors.

Industrial Division
THE WAYNE PUMP COMPANY
FORT WAYNE 4, INDIANA

Wayne AIR COMPRESSORS



"Man, what a meal ... and out of a package of powder!"

GOOD nourishing foods vegetables and meats—can be dried, compressed and stored (pre-cooked) for use away from home or in emergencies.

Dehydration of food products, long a military fact, is a "comer" among the new industries of peacetime. Chase; certainly, would rank it high among tomorrow's consumers of copper.

In the removal of moisture from foods (dehydration), copper steam tubes are used. Dehydrators know that no other commercial metal possesses copper's exceptional thermal conductivity, high resistance to corrosion, and long service life.

Looking forward, we see copper at work not only in old, familiar places but in many of the new things to come. On much of the fine copper and brass in tomorrow's world, you will recognize the trade-mark of Chase Brass & Copper Co. Incorporated, Waterbury 91, Connecticut—Subsidiary of Kennecott Copper Corporation.

Chase & COPPER

Por your convenience Chasmaintains 25 sales offices (20 with warehouse stocks) in principal manufacturing centers throughout the country.



to help guide businessmen's thought along the ways of peace.

Authors include such personages as Eric A. Johnston, president of the U. S. Chamber of Commerce; Paul Hoffman, chairman of the Committee for Economic Development; Will Clayton, Assistant Secretary of State; Maury Maverick, chairman of the Smaller War Plants Corp.; and Brig. Gen. Carlos P. Romulo, governor-general of the Philippines.

RADIO SURVEY PLANNED

Broadcast Measurement Bureau, which broadcasters and advertisers hope will accomplish for radio what the Audit Bureau of Circulations has long done for newspapers, expects to have the ballots on which its first survey will be based ready for mailing in the spring of 1946 (BW-Oct.7'44,p94). The actual report, with station circulation maps, won't be ready before Christmas of that year at the earliest, John Churchill, newly appointed director of research (formerly director of research at CBS), predicted last week.

at CBS), predicted last week.

B. M. B.'s staff is now tackling such matters as methods and procedures, which must be determined before bids can be requested from research organizations that will handle the mailing and tabulating of ballots. Other tasks are the selection and coding of names of radio listening families participating in the survey, printing of the million ballots, and selection of a premium which B. M. B. hopes will encourage at least a 50% listener response to the questionnaires.

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P.S.

PM, Marshall Field's liberal New York tabloid, which since its first issue back in 1940 (BW-May11'40,p46) has followed a policy of no advertising, last week made an exception in the case of returning servicemen: PM is providing free space for situation wanted ads placed by honorably discharged veterans . . . S. S. Kresge Co., one of the country's largest variety chains, has bought its first radio program by sponsoring news analyst John B. Kennedy 15 minutes daily over local station WXYZ, Detroit, American Broadcasting Co. (Blue) affiliate Consensus of New York department stores was that the curtailment of newspaper advertising prompted by the deliverer's strike had little, if any, effect on sales last week; reasoning was that the shortages have people shopping all the time anyhow. To compensate in part for the lack of printed advertising, Macy's, Gimbel's, Hearns, and Saks 34th St. bought some additional radio time.



Whether you want to reach a single specific individual —in the next room, or a mile away: or ten thousand — in a single group, or scattered — it's all the same with a modern Sound System!

It puts you in instant executive control of every unit of your business. It relieves congested telephone

IN THE NEXT ROOM ... OR AT THE ENDS OF THE PLANT!

lines – freeing them for their proper service, your contact with the outside world. It promotes safety in emergencies; and continually saves costly man-hours – often paying off quickly through this saving, alone.

To get the most out of a Sound System, call on Stromberg-Carlson's half-century of experience. Consult the classified section of your telephone directory for your local Stromberg-Carlson Sound Equipment distributor. Or write for Booklet No. 102, Sound Equipment Division, 100 Carlson Road, Rochester 3, New York.





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LABOR

Wagner Act's Decennial

Nation's chief peacetime labor agency faces new and volatile problems attending reconversion. History of NLRB to date is marked by bitter legal assault, but board wins all but two high court tests.

This week the National Labor Relations (Wagner) Act began its second decade as the law of the land.

The National Labor Relations Board commemorated the anniversary by swearing in Paul Herzog as its new chairman, the third in ten years. At the ceremonies, Sen. Robert F. Wagner, Secretary of Labor Lewis Schwellenbach, and board members joined in de-

claring that the law has made a great contribution to social progress in America

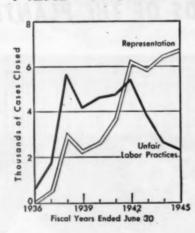
 Employers Dissent—Such a claim gets a sour reception from most employers.
 Although official records show that violations of the law and court tests have declined to the point where it may be said that the law is now widely accepted in practice, the fact remains that industry still is not reconciled to what it believes is a one-sided statute operating against industry's interests.

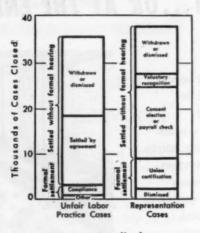
It seems safe to predict that unless they succeed earlier, more than another decade will go by before employers give up their attempts to amend or repeal the law. And it is clear that, in the final analysis, their success will depend on convincing enough people that the law creates more labor trouble than it eliminates.

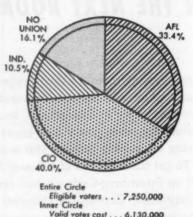
• Sharp Disagreement—In support of this contention strike figures for the past ten years, the most tumultuous in the industrial history of the United States, are cited.

Supporters of the law brush these aside or, more often, adopt them as an argument to bulwark their own position. They say that the labor upsurge of the last decade could not, and should not, have been prevented, adding that without the Wagner act to keep this

NLRB-The Ten-Year Record







The Case Load

Case work of the National Labor Relations Board is divided into two parts: (1) the determination of a collective bargaining agency (representation), and (2) investigation and extirpation of unfair labor practices. Until 1941, the latter group accounted for the bulk of the board's work. Since then the situation has been reversed, and the change is accounted for by employers' growing acceptance and accommodation to the law. The two peaks in NLRB's case load result from the validation of the Wagner act by the U, S. Supreme Court (April, 1937) and the industrial shifts attending the development of war production (1942).

How It Was Handled

In the decade of its operation, NLRB has handled some 36,000 cases involving unfair labor practices and some 38,000 involving representation questions. The board takes pride in the fact that the great maority of these cases was settled informally-meaning without action by NLRB itself and without the issuance of an official order. Common practice is for the parties concerned in a complaint or representation issue to appear in an NLRB field office together with a board representative. Although neither the board nor its personnel has authority to mediate, differences frequently get ironed out in these informal sessions.

Who Won the Elections

By far the most dramatic and enduring work of the board consists of conducting collective bargaining polls. In these ballots employees register their preference for being represented by one labor organization or another or by none at all. That the C.I.O. has won the biggest slice of these elections has been used as ground for a charge that NLRB is pro-C.I.O., anti-A.F.L. The board can exercise an influence over the election outcome by its power to fix the voting unit and determine who is eligible to vote. A striking fact about these elections is that almost 85% of eligible employees were interested enough in the issue to vote.

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"The transportation job in the first phase of the war has often been called a 'miracle." The job ahead of us is even bigger.

"It is important that the public understand the situation and at once lend full cooperation in order that the burden may be minimized."

-PRESIDENT TRUMAN



Some are headed home for good—but millions more will stay only briefly before they go on to finish the job in the Pacific.

These fighters are now on the move—and this is the No. 1 reason why trains are so crowded these days.

If it comes to a choice between your taking a trip—and a returned soldier's getting to see his home folks before moving on to an embarkation point—we know you will understand who deserves the right of way.

The railroads must continue to devote all their energies toward hastening final victory and the day when the boys can come back home for good.

We know that's the way you want it—and we count on your cooperation.



Packages that Sell

-wrapped on machines that SAVE

We have a machine for every wrapping purpose

Postwar competition is going to demand a package with real selling punch.... At the same time, mounting costs will have to be curbed.

We've helped leading package goods manufacturers lick such problems for more than 30 years. Today, our machines meet a wider variety of needs than everand they operate at higher speeds and lower costs. Why not consult us now so you'll be ready when business gets the "go" sign?

Write for our booklet "Sales Winning Packages"
PACKAGE MACHINERY COMPANY
Springfield 7, Massachusetts

NEW YORK

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PACKAGE MACHINERY COMPANY

Over a Quarter Billion Packages per day are wrapped on our Machines



Only in R. C. Allen Adding Machines do you get ALL these features: smart design • visible total dials • automatic clear signal • two color ribbon • light-touch keyboard and type aligning bail, which keeps type horizontally in line even after many years of hard use.

R.C.Allen Business Machines

Manufacturers of 10-Key Colculators, Portable and Standard Adding Machines, Bookkeeping Machines Cash Registers, Statement Machines and All-Purpose Office Machines. upsurge within reasonably orderly channels, the momentum of organized labor's growth from 4,000,000 to 1+. 000,000 would have wrecked the nation's economy.

 Significant but Irrelevant—Any such controversy which pits what is against what might have been is, quite obviously, incapable of settlement by re-

course to facts.

NLRB's anniversary release of the facts of its operation over the past ten years contains much significant information. But the facts are irrelevant to the argument which rages over the Wagner act. The more impressive the board's record, the more heated that argument will become, for behind every case that NLRB closes in favor of employees is an employer who has had to change his personnel practice.

• 74,000 Cases—In its ten-year history, NLRB has handled more than 74,000 cases. It has issued over 11,000 formal decisions, more than 600 of which were appealed to the circuit courts and 55 to the U. S. Supreme Court. Only twice has the high court failed to sustain NLRB. Lawyers say that no other United States statute has ever been so intensively litigated in such a short period of the court of the court

riod of time.

As a result of board orders, more than 2,000 organizations legally defined as company unions were disestablished. In more than 5,000 places of employment collective bargaining was inaugurated. About 300,000 employees found to have been improperly discharged were reinstated, and back pay awards to which some of them were entitled totaled approximately \$9,000,000.

• Four Guideposts—Out of board rulings and court pronouncements four basic tenets have developed as benchmarks for "legal" employer-employee relations. These apply to unions and employers alike. They are:

(1) The employer must maintain strict neutrality toward the collective bargaining and union activities of his

employees.

(2) Employees who engage in unlawful violence automatically remove themselves from protection of the act.

(3) When an employer reaches an agreement with representatives of his employees, he cannot refuse to embody the terms of that agreement in a written, signed contract.

(4) To provide a fair determination of the employee's representation preference, the integrity of NLRB's election machinery is fully protected against interference by any interested party.

Extra Job—In addition to its administrative responsibilities under the Wagner act, NLRB has had thrust upon it the partial administration of the War

Just as your car responds to "high test" gasoline . . . so will you respond to the better air conditioning that is in store for you.

All the accumulated experience of building equipment for air conditioning gasoline refineries and hundreds of other types of war product plants ... will help your favorite store, theatre, restaurant - your office or factory - to give you better air, at low cost to the owners.

You'll be surprised at what modern air conditioning - Worthington Air Conditioning - really feels like. Worthington . . . associated with air conditioning and refrigeration for nearly 50 years . . . has participated during the war years in many significant developments which promise more comfort and greater efficiency.

Making so many of the "vitals" of air conditioning and refrigeration systems - equipment which is interdependent and should be carefully integrated - Worthington is in the ideal position to recommend the proper equipment for each case. Compressors, condensers, engines, turbines, pumps, valves, fittings are all Worthington-made. Putting them together right is the reason why there's more worth in Worthington.

Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N. J. Specialists in air conditioning and refrigeration machinery for more than 50 years.



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Quincy Compressors because of their compact, modern design, can easily be incorporated as an integral part of any mechanical unit where compressed air is used as the actuating medium. Their dependability where constant or intermittent service is required has for years been acknowledged by leading industrial engineers. Available are a wide variety of models, backed by over 24 years in the building of Air Compressors exclusively. Sizes 1 to 80 cu. ft. displacement, up to 500 lbs. pressure p.s.i. Air and water cooled models.

Quincy Compressors—for many jobs
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STARTING • INFLATING • SPRAYING
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FILLING • PRESSING • PUMPING
CONTROLLING

A Quincy specialist will be glad to help you with your postwar plans.



Labor Disputes (Connally-Smith) Act.

Under this law, the board must conduct strike polls 30 days after receiving a petition from any local or national labor organization. It is generally assumed that no serious effort will be made to extend this statute after the war's termination ends its life.

 Problems Ahead—Meanwhile, NLRB is girding itself to face the labor problems which will attend reconversion.
 Some of these problems have already come before the board. They take these forms:

(1) When a company changes its processes and techniques from wartime to civilian production with resultant changes in types of personnel, does the union certified in wartime continue to enjoy the status of exclusive bargaining agent?

(2) When a plant cuts its labor force substantially, does the union certified for thousands of employees continue to be exclusive bargaining agent for the few hundred that are remaining on the

Another type of case which will appear naturally out of the reconversion period will involve mass layoffs. Unions will charge that some are being laid off for discriminatory reasons. The board will have to determine the fairness of layoff procedures, investigate seniority rules, examine thousands of payroll records.

NLRB, as the nation's principal peacetime labor agency, will have its hands full in the period ahead.

Two for F.A.A.

NLRB trial examiner's and New York state board's rulings favoring foremen may indicate a trend in unionization fight.

When the National Labor Relations Board gave a green signal to unionization of foremen in the Packard Motor Car Co. case (BW-Mar.31'45,p15), it said that it did so because foremen in mass-production industries had ceased to be policy-making officials and had become mere production "traffic cops." It did not, however, draw any line to differentiate between the two groups—the former, or policy-makers, presumably not permitted to organize under the NLRB.

• F. A. A. Wins Two Cases—Two recent decisions—one by an NLRB trial examiner in an Edward G. Budd Mfg. Co. case and the other by the New York State Labor Relations Board—thus take on significance as straws to tell which way the wind is blowing on foremen classification. Both cases were brought by the Foreman's Assn. of America, and in each F. A. A. argued successfully that supervisory employees should be permitted to organize.

In the Budd case, the trial examiner decided that foremen should be permitted to organize even though they exercise "a good deal of discretion"

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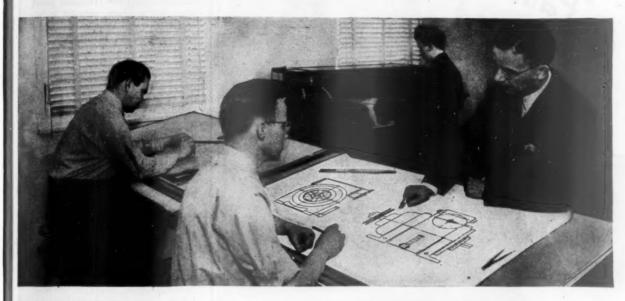
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Labor Secretary Lewis Schwellenbach (left) and Sen. Robert Wagner look to Paul Herzog, new NLRB chairman, to administer the Wagner act so that the second decade of the No. 1 labor law will be less stormy than the first.

The fastest, most economical way to change your drawings!



You're off to a flying start...when you give the draftsman an OZALID INTERMEDIATE (translucent) print of any drawing that must be changed.

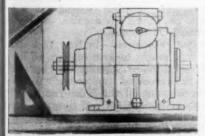
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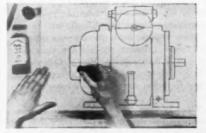
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Even more important savings in time and labor are realized in the next step. For all that the draftsman need do now is remove the obsolete lines with Ozalid Corrector...and draw in the new design.

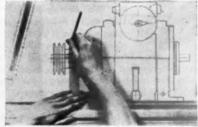
He never has to redraw any line that remains the same!



1. This is an Ozalid Intermediate (translucent) print of the original drawing.



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3. New design is drawn in. Work-prints can now be made from this translucent "master."

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Ozalid Specialties include Chartfilm and Dryphoto. Chartfilm gives lustrous, black lines on a waterproof, oilproof, white plastic base. Dryphoto reproduces continuous tone photographs quickly, economically, beautifully, in black, sepia, or two-tone (blue-brown) effect.

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4, 1945



Helps "Shape the Pattern" of Future TRAVEL



THE pattern of future railroad travel is already taking shape . . . and Paul Levengood of Lebanon, Pa. is doing his share to make it an era of safer, swifter, smoother transportation. Paul's

been a patternmaker at the Lebanon Steel Foundry for twenty-three years . . . and his skill has already helped to bring you finer travel. For Lebanon Steel Castings—of high resistance to repeated shock and vibrational load stresses—have played a vital part in the steady progress of railroad operating efficiency.

In the gas turbines and steam turbines now being developed by leading locomotive

builders, castings of the Lebanon alloys at present employed in aviation turbines and superchargers will find important application. These alloys withstand constant operating temperatures up to 1850°.

Many improvements to make your trips by rail more pleasant are already definitely scheduled for adoption. Men at Lebanon—like Paul Levengood—will help turn today's plans for better travel into tomorrow's practical realities.

Plans in your own industry may also be furthered through use of Lebanon Circle Alloy or Structural Steel Castings. Lebanon foundry engineers and metallurgists are prepared to show you where and how.

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Prelude to Labor News

Montgomery Ward & Co... through Hummer Mfg. Co., its Springfield (III.) subsidiary. seemed headed back into the labor news this week. A year ago last May, a strike of A.F.L. machinists closed the Hummer plant when the company refused to accept a National War Labor Board order calling for maintenance of membership. That strike ended after two weeks when the Army, acting on White House orders. seized the plant in the name of the federal government.

For more than 13 months Hummer has been working at capacity, turning out aircraft parts under Army management. The machinists union has had its membership maintenance.

Last week, with the labor situation calm and the outlook untroubled, the Army pulled out of Springfield. Almost immediately after Hummer's 460 employees were back under Ward management, the company announced that the membership maintenance arrangement was "automatically revoked." The A.F.L. union is expected to react, particularly because C.I.O. organizers have begun to take an interest in Hummer employees.

regarding production schedules, hiring and firing, and grievance handling. The foremen still are not a part of management, the trial examiner pointed out, because they in turn "are bound by directions from their own supervisors," who can reverse any decision, or order, given by a foreman.

• Not "Employers"—In New York the F.A.A. sought to have foremen of the Metal & Alloys Specialty Co., Inc., of Buffalo, declared "employees" within the meaning of the New York State Labor Relations Act, and thus to make possible their enrollment in the union. The company contended that foremen should be classified as employers inasmuch as they represent management, can hire and fire other employees within certain limits, recommend promotions and wage increases, and lay out and assign work.

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The New York board, however, ruled this insufficient evidence that the group actually was a part of management. In examining the company plan of organization, the board found that while foremen have immediate supervision over rank-and-file employees, they in turn are under a plant works manager and

BUSINESS WEEK . July 14, 1945



Ham and Eggs... Coming Up!

"What's the matter, Mister? You ordered ham and eggs didn't you? Well, this is an important part of ham and eggs!"

Yes, it's a mighty important part of any breakfast these days. It's manufactured feed. Without it, farmers would not be able to produce sufficient meat, milk and eggs to meet the demands of our fighting forces or supply our needs here at home.

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Take Porky for instance. He's the senior partner of those ham and eggs. He used to eat 25 bushels of corn in order to grow into a juicy 200-pound package of ham, bacon and sausage. Now he eats only about 12 bushels of corn and 100 pounds of protein supplements — and he does his job in just about half the time it used to take.

Henrietta the Hen has stepped up production, too. She's laying more eggs than ever before to keep pace with Porky...and Bossie is giving more milk...for all of which manufactured feeds deserve much credit.

That means we have the feed industry to thank for the increased production of meat, milk and eggs that, even in these times of shortages, keep us the best-fed nation in the world. It means that tomorrow's market baskets will be filled with even better foods at lower cost.

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The only practical containers for the millions of tons of manufactured feeds are bags—cotton, burlap, and pape? bags such as Bemis makes. According to the feed manufacturers themselves, there's no substitute. And nearly all the principal producers depend widely, as they have for scores of years, on Bemis Bags.

Bemis makes cotton, burlap, and paper shipping bags of almost limitless types and sizes for hundreds of different uses. New uses are being developed constantly. Remember, almost everything you eat, use, or wear may make at least part of its trip to you in a Bemis Bag.



BUY ANOTHER WAR BOND TODAY!

THE LABOR ANGLE

FEPC

The Fair Employment Practice Committee, created to eliminateracial discrimination in war plants, is certain of a continued existence no matter what Congress does about

providing it with funds.

The fight between FEPC proponents in Congress and southern Democrats over whether FEPC should have money with which to continue its work has snarled up the pending war agencies appropriation bill—which would also provide necessary funds for the War Manpower Commission, National War Labor Board, and other emergency agencies—and created the worst legislative mixup in years.

Early this week the outcome of that fight was in doubt. What was not in doubt, however, was the wide public support, at least in the North, which the FEPC principle was attracting. So substantial was it that the FEPC could be sure that, if Congress did not provide enough of the \$250,000 which it has been estimated the agency must have to carry on at a rock-bottom level for another year, contributions to provide it were available from private sources.

Raiding

The recent jurisdictional strikes involving maintenance employees in the Detroit auto companies (BW—Jun.23'45,p104) were a forceful reminder to C.I.O. leaders that craft unionism still has a powerful appeal, even to workers in the mass produc-

tion industries.

C.I.O.'s United Auto Workers, always aware of the craft-consciousness of the maintenance men, has let them have what amounts to a separate organization of their own within U.A.W. Largely independent though they are of U.A.W., they nevertheless resent their connection with the union of unskilled production workers. This is primarily because their wages are lower than those which A.F.L. contracts pro-vide. The A.F.L.-C.I.O. wage differential in the maintenance trades results from the fact that the pay rates of C.I.O. maintenance workers are correlated with those of other plant workers while A.F.L. members are employees of outside contractors

whose wage schedules bear no direct relationship to inside plant work.

Thus, while the immediate cause of the recent Detroit strikes was jurisdictional—a fight over whether the C.I.O. or A.F.L. members would get the plant remodeling jobs—its roots lie in C.I.O's drive to bring inside maintenance wages up to A.F.L. scales. Unless this is done before too long there will be a compelling reason for maintenance workers to drop their C.I.O. membership and sign up with A.F.L.

Because this kind of situation can be duplicated elsewhere in industries where the C.I.O. appears to be firmly intrenched, the A.F.L. thinks it has a wedge for doing some serious raid-

ing once the war ends.

Superseniority

Under Francis Biddle the Justice Dept. had instructions to preserve a large measure of neutrality in suits involving veterans' job rights.

involving veterans' job rights.

Biddle, sensitive to union pressure, didn't seem to be able to work up any great enthusiasm over defending the superseniority policies of Selective Service—provisions for veterans to hold jobs even though their seniority was less than that of other workers.

However, under Tom Clark, the new Attorney General, government lawyers can be expected to be more active in representing ex-servicemen whose return to their old jobs and security in them may be affected by union contract provisions.

Lag

The apparent impossibility of reconciling the need for quick action in a rapidly shifting situation with due process of law, as it must be practiced by a government agency, has probably provided its ultimate example in a dispute over union representation involving the Beatty Logging Co. of Klamath Falls, Ore.

Last year the National Labor Relations Board heard the conflicting claims of C.I.O. and A.F.L. unions to represent Beatty employees. NLRB has just got around to ordering a collective bargaining poll at Beatty's logging camp. The order comes too late. The company ceased operations six months ago.

three superintendents. Moreover, the board found the foremen are not management because they do not "participate in the formulation of managerial policy . . . do not represent the employer in collective bargaining negotiations . . . nor share in the profits of the employer."

• Hourly Workers—As an additional test, the state board found the foremen are paid on an hourly basis and, unlike the works manager and superintendents, are considered by the company to be under the regulations of the National War Labor Board and not exempt from wage and hour provisions requiring increased pay for overtime work.

Summing up its decision favoring F.A.A., the state board made a point that conceivably might be adopted by

NLRB as a guidepost:

"The controlling factor is their relationship with the employer, obviously [in the Metal & Alloy case] that of employer-employee, and not their relationship with those they supervise."

Reaffirmed—NLRB divided 2-to-1 on the Packard foreman decision. One of the last decisions before Harry A. Millis was succeeded as chairman on July 5 by Paul M. Herzog (BW-Jun.16'45,p94) reaffirmed this policy. Millis and John M. Houston joined in issuing a cease and desist order against Republic Steel in a foreman case. Gerard Reilly, third member of the board, again wrote a dissenting opinion.

Curfew for Claims

Management suggests oneyear time limit on retroactive liability under labor standards act. Unions want three years.

The question of what constitutes a reasonable time limit on court actions under the Fair Labor Standards Act (BW-Jun.16'45,p98) was before the House Judiciary Committee this week after hearings on the Gwynne billwhich would set a one-year maximum for management liability for back wages, overtime, and damages and penalties-developed three divergent views. • One Year or Five?-The National Assn. of Manufacturers strongly urged that retroactive liability should be limited to one year, to protect management from "judicial and administrative expansions of the law" which might make employers unwittingly liable for large retroactive payments.

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Unions urged that the statute of limitations should be five or six years, to permit employees to collect—with damages equal to the sum due—any back

HODUNIT?

Every mystery-story reader will recognize these clues—the cigarette stub, torn scrap of paper, broken cuff-link, finger-prints on a glass. At least one of them is almost always in evidence at the scene of the crime.

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Grime and soil are just as conspicuous in these modern times when cleanliness is the rule in home, business and industry. And the average American cleans with all the determination of a detective on the trail of a criminal.

The villain doesn't stand a chance in fiction. And in real life neither does grime nor soil—thanks to Wyandotte Cleaners. These specialized products can always be depended on for quick, thorough and safe performance.

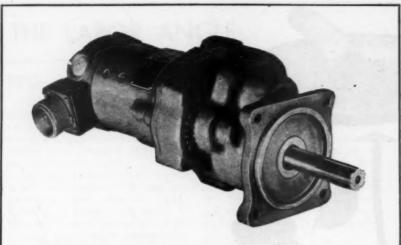
They are doing particularly heavy duty in war plants — where, in addition to the regular maintenance cleaning, practically every article and operation requires some sort of cleaning. In homes, office buildings, factories and schools . . . in laundries, dairies, bottling works and restaurants . . . Wyandotte Products are busily at work assuring the American public of cleanliness and sanitation.



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Typical of their aircraft use is the gear reduction drive made by Air Associates, Inc., and shown above. Seven sturdy and compact anti-friction Torrington Needle Bearings are contained in the drive, which operates retractable landing gears and other moving parts.

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As additional precaution against rearend collisions, "Figure 8" oscillating warning signal lights (so called because light beams oscillate in the form of that figure) have been installed on 22 Chicago & North Western Railway passenger trains. They're turned on by flagmen when trains slow or halt but do not abolish the trainman's job of placing other signals far to the rear of stopped trains. To make light work of handling, units are made of magnesium by Mars Signal Light Co., Chicago, manufacturers of the white and red front-end figure 8 lights installed on many North Western streamliners and other important trains (BW-Jul.15'44,p80).

wages or overtime owing to them.

• Three-Year Compromise—In a compromise, L. Metcalf Walling, administrator of the Wage & Hour Division of the U.S. Dept. of Labor, recognized that management should have protection against the possibility that court decisions, or new interpretations of the law, might make employers involuntary violators of the act. He was unwilling, however, to go as far as the Gwynne bill, and N.A.M., to insure this protection.

Walling urged, instead, that Congress set a three-year statute of limitations for claims, and permit a waiver of double liability except in cases of willful violation.

• New Powers Asked-Walling also asked for authority to bring direct action

BUSINESS WEEK . July 14, 1945

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to recover wages due under the act, and to promulgate regulations defining and interpreting the act so as to protect an employer from criminal or civil liability if he follows the administrator's directives.

The administrator argued that even with an expanded inspection force, fair enforcement of the act would be impossible if the one-year limitation was imposed.

• Proposal Indorsed—Although they urged the longer statute of limitations, A.F.L., C.I.O., the Foreman's Assn. of America, and the Consumers League backed Walling's plan.

N.A.M. attacked the broad authority sought under it as "dangerous," and warned of "the pressure it could exert to force employers to acquiesce in extremely doubtful rulings."

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Production was returning to normal this week at the Goodyear Tire & Rubber Co. plant in Akron after last week's government seizure (BW-Jul.7'45, p103), as the focal point for unrest in the rubber industry shifted to the Firestone Tire & Rubber Co.

While the situation at Firestone moved steadily ahead in the pattern set at Goodyear, a strike threat against B. F. Goodrich Co. died almost as soon as it appeared. Local leadership of the United Rubber Workers (C.I.O.) said picketing of a Goodrich plant was a mistake

Firestone was closed at midweek as 16,500 rubber workers defied their union officials by remaining on strike in protest against delays in settling their demands for a wage raise.

As in the Goodyear case, the National War Labor Board first ordered them to return to their jobs, then threatened to penalize strikers at Firestone by withdrawing vacation and shift premium provisions of NWLB's rubber award. The U.R.W. itself was threatened with loss of its maintenance-of-membership union security clause at Firestone. There was little doubt that, if necessary, seizure would be the next step.

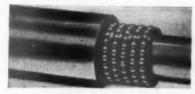
PLANT-WIDE VACATIONS

Simultaneous plant-wide vacations are being tested this summer by two major companies which believe that a minimum interruption of war production can be assured by giving all employees their vacations at the same time—closing plants down completely—instead of staggering time off all through the summer.

Republic Aviation Corp. plants at Farmingdale, Long Island, N. Y., and Evansville, Ind., now engaged in pro-

BUSINESS WEEK . July 14, 1945 107





A recent Torrington development that has already "won its spurs" on a wide range of modern tools and equipment is the efficient new Torrington Ball Reciprocating Bearing you see at the left.

The new bearing is specifically designed to allow free axial as well as radial motion... to provide complete ball bearing anti-friction motion in rotation, reciprocation, oscillation or combinations thereof. At the same time, due to the specially-designed retaining helix permitting use of approximately twice as many balls as the conventional sleeve type retainer, the bearing has demonstrated unusually high load capacity.

In addition, the unit has the traditional Torrington compactness, simplicity in design, built-in long life, and other Torrington advantages that help modern equipment turn out more work at less cost.

Do you design, build or use tools or machinery? Then you should know how and where this approved new Torrington development can benefit you. Write for Bulletin 105, which gives full engineering and application data. And feel free to bring your anti-friction problems, routine or unusual, to Torrington's Bantam Bearings Division.

THE TORRINGTON COMPANY - BANTAM BEARINGS DIVISION SOUTH BEND 21, INDIANA

TORRINGTON BEARINGS

STRAIGHT ROLLER . TAPERED ROLLER
NEEDLE . BALL



Maintenance on the old draw bench got to be a headache. Wear and tear on the old worm gear and lead screw arrangement for pushing the bar through the die up to the puller was way overboard.

Casting about for a better method, the user hit upon Hele-Shaw Fluid Power (oil under pressure) . . . asked us to help out. With him, our engineers worked out a hydraulic device which not only filled the bill but saved maintenance, saved time and simplified operation. Now a pull of one small lever and the chuck rides up into position pushing the bar through the die. Another push and the jaw chuck returns.

Hele-Shaw Fluid Power is a means toward better, faster, smoother and safer operation in an amazing variety of hydraulic operations. Go hydraulic with the Hele-Shaw Pump and let Hele-Shaw engineers help you work out your application.



AMERICAN ENGINEERING COMPANY

Subsidiaries: COCHRANE CORPORATION, PARADAY ELECTRIC CORPORATION
2521 ARAMINGO AVENUE • PHILADELPHIA 25, PA.

OTHER & PRODUCTS: A-TAYLOR & PERFECT SPREAD STOKERS, MARINE DECK AUXILIARIES, LO-HED HOISTS, DIAMOND FACE GRINDERS

Ospericky, 1945. American Engineering Co.

duction of Thunderbolt planes designed for the Pacific war, and seven plants of the Allegheny Ludlum Steel Corp. at Brackenridge and West Leechburg, Pa., Dunkirk, Waterloo, and Buffalo, N. Y., Detroit, and Los Angeles, are closed down for one-week vacation periods.

During the shutdowns, only necessary plant protection forces, inventory groups, maintenance personnel, and others assigned to special duty were at work. They will get vacations later.

work. They will get vacations later.

Republic and Allegheny Ludlum have used the stagger system of vacations in other years.

MANPOWER EASES

Reflecting post-V-E Day easing of the nation's manpower situation, War Manpower Commission listings of Group I (critical) labor areas for July declined sharply to 53 from 66 on June 1. There were 74 acute shortage areas when victory in Europe brought sharp cutbacks in war production in May.

WMC said that as revisions in munitions production scheduling continue, further loosening of labor market classifications may be expected.

Of 13 areas withdrawn from the critical list during June, eleven were reclassified into Group II—areas with only a slight labor shortage or approaching a manpower balance—and the other two were placed in Group III—areas having a substantial manpower balance.

The impact of aircraft cutbacks was obvious in the reclassification of a number of major war centers—such as San Diego, Calif., Buffalo, N. Y. (BW-Jun. 9'45,p15), and Newark, N. J.—from Group I into Group II. Detroit, removed from Group II on June 1, was reclassified by WMC into Group IV—denoting a growing labor surplus.

UMPIRE PLAN WRITTEN OFF

The National Airframe Panel of the National War Labor Board last week breathed a final requiem over the attempt to stabilize labor relations in the southern California aircraft industry through a voluntary umpire system (BW-Feb.17'45,p96).

It was recognized at the start that any tribunal which depended for success on its ability to compose differences among such divergent elements as the C.I.O. United Auto Workers, the A.F.L. International Assn. of Machinists, and the unaffiliated National Weldors Union, faced tough innings.

The machinists withdrew after two months of exploratory conferences (BW -Apr.14'45,p97); the welders followed them. Last week, Benjamin Aaron, panel chairman, acknowledged that the tribunal was washed up.

BUSINESS WEEK . July 14, 1945

HE WAR AND BUSINESS ABROAD

USINESS WEEK

Decisions of momentous importance to business will be reached at Potsdam, the Berlin suburb in which the Big Three—Truman, Stalin, and Churchill—and their large technical staffs are now assembling.



What is going to happen to German industry?

If the Nazis are not going to be allowed to have a steel industry, what is going to happen to existing equipment?

And if heavy industries are denied the Germans, what industries will replace them?

Will France and Britain encourage fresh competition in textile lines?
Will light metal development—aluminum and magnesium—also be banned in Germany?

First objective of the Potsdam meeting will be to answer such questions as these—to try to define Allied economic policy toward Germany.

Bound to come out of the meeting also is the first glimpse of the kind and quantity of reparations that Germany must pay.

The reparations talks in Moscow—results of which have been so carefully guarded that no details have reached the world—should have passed the policy-making stage, and the reparations agreement will probably be one of the main announcements after the Potsdam meeting.

While Truman is believed to approve the Baruch-Morgenthau plan for the deindustrialization of Germany, don't overlook the probability that Soviet approval is likely to be bought by:

(1) Allowing Moscow to take vast numbers of skilled German workers to the U.S.S.R. to rebuild and enlarge Russia's heavy industries.

(2) Approving anticipated Soviet demands that Germany's "little Ruhr," in Silesia, be detached and incorporated into Poland where its production can be utilized by Moscow for rebuilding eastern Europe and the U.S.S.R.

The question of European relief will be raised, but the U. S. probably will commit itself to nothing beyond "doing all it possibly can."

Actually, Truman will make his own appraisal of relief needs in western Europe, and undoubtedly will sanction modest shipments of certain desperately needed items—including fuel, wheat, and cotton—from the U.S. (BW—Jul.7'45,p120).

Prediction of close presidential consultants now is that he will demand—and receive—a better return bargain from the nations involved than Roosevelt would have sought.

It will surprise few Truman confidents if the President commits this country even more deeply to share in the long-term settlement of European political problems than Roosevelt did in the precedent-setting Yalta pact.

But, despite the fact that Truman is expected to be a tougher bargainer than Roosevelt where the U.S.S.R. is concerned, it is doubtful if Asiatic issues, except in general terms, will receive much attention at Potsdam.

Both Truman and Stalin are willing to let the Far East be the subject of another major conference—probably next winter, and almost surely featuring Chinese participation.

An Anglo-U. S. oil agreement, which will become the basis for a world oil

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AGE 111

THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK JULY 14, 1945 accord, can be expected this year as a result of the lakes trip to London.

Planned as a substitute for the pact which the Senate refused to accept last January, the new agreement will be sufficiently specific to suit U. S. oil interests but elastic enough to meet British requirements.

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To keep the U. S. industry in line, a number of bigwigs from the oil industry will accompany lckes to England so that they can criticize during, instead of after, the talks.

The British are more likely to line up this time because they are alarmed over their future in the Middle East and will bargain desperately to keep us on their side in all issues arising in that part of the world.

You can look for further important changes in the State Dept., but they will come gradually.

Wholesale reorganization—long overdue—has become a national issue since the San Francisco conference, and pressure from both business and professional groups now will bolster a general public demand for better trained, better paid foreign service officers.

When the revised budget is completed, the State Dept. is expected to request \$30,000,000 for new buildings merely to house embassies, legations, and consulates more suitably.

Salary appropriations will be boosted proportionately.

The Office of Foreign Service Administration is drawing up an ambitious program for assistance to U. S. businessmen through improved reporting on economic problems.

Ambitious department heads even claim the revitalized department will attempt to develop trade statistics of its own in countries where statistics are not now compiled.

As foreseen almost two years ago (BW—Dec.18'43,p63), Iran threatens to become the tinderbox of the Middle East—and the lid may blow off any day.

With the overland supply route to the U.S.S.R. across Iran now virtually abandoned and with the mass of Allied troops withdrawn, the country has lapsed into such a slump that Teheran officials admit that they may not be able to maintain order.

Should an army-backed, Rightist coup develop to put down disorders among the jobless or in towns now desperately short of food, Moscow would almost certainly intervene.

Because of Britain's vital interest in the rich oil fields in the southern part of the country, Anglo-Russian rivalry in Iran may yet put the United Nations organization to a real test.

Lauchlin Currie, former presidential adviser and specialist on Chinese affairs, has stirred foreign trade circles with a new type of world trading organization.

As head of International Industrial Development Corp. of New York, Currie plans to sell U. S. capital goods and know-how, first to rebuild the industrial plant of western Europe and later to industrialize economically backward nations in the Far East and Latin America.

Nub of his plan is to offer countries like France and China complete industrial and plant surveys, to secure development contracts for a selected list of well-known U. S. enterprises, and then to facilitate the financing by preparation of appeals for loans from the International Bank or from the United States Export-Import Bank.

Army Rebuilding in Europe

Renovation of rolling stock keeps 14 plants in Paris area busy, while Belgian factories overhaul rifles and turn out new mortars. Army's purchasing agent ranks first on Continent.

More than two months after V-E Day, 14 French automobiles and aviation engine plants are rebuilding Allied engines at the rate of 700 a day, and enough work is piled up to keep the factories busy for at least another six months, according to Maj. Gen. Henry B. Saylor, chief Ordnance officer in the European Theater of Operations.

• Scouring the Country—To keep the raw materials for repairs flowing to these and hundreds of other French and Belgian factories, the staff of Brig. Gen. Wayne R. Allen, General Purchasing Agent for ETO, is still scouring Europe for all kinds of supplies—from photographic film to railway car wheels.

When the owner is one of the Allied nations, the deal is handled on a reciprocal lend-lease basis. When a neutral nation is involved—Sweden for lumber and paper products, Switzerland for special instruments, and Spain for vital raw materials—the transaction

becomes a cash deal.

• Large-Scale Operations—The Army is still one of the biggest employers of civilian labor in all Europe, and is likely to continue in this role until March or April of next year.

And as long as Army supplies are being repaired in European factories, the General Purchasing Agent will continue to be one of Europe's biggest cus-

tomers.

The business of working for the Allied armies is one of the biggest in all Europe.

• Active in Paris Area—Engine repair work, for example, started in September, 1944, a few days after Paris was liberated. Men working under Col. J. B. Medaris of Cincinnati, Ordnance officer of the First U. S. Army, contacted officials of the Gnome-Rhone factory and within a few weeks had that plant rebuilding engines at the rate of twelve

Later the work was spread to other key. French factories—Renault, Peugeot, Hotchkiss, Simca, Citroen, Ford, and General Motors. More than 60,000 engines have been rebuilt in the Paris vicinity alone, of which 30,000 were the GMC type used in the 2½-ton Army truck, 16,000 were for jeeps, and 5,000 were for tanks.

• Big Purchasing Job—In addition to the overhaul job, purchasing agents have bought from 200 different manufacturers in France as repair parts more than 145,200 spark plugs, nearly 42,000 gaskets, 18,650 carburetors, 51,000 rotors, and 6,000 caps for distributors, 24,700 engine valves, 10,000 batteries, and 8,000 cones for Timken bearings.

As long as the armies were fighting in Europe, 100,000 rifle pins had to be replaced every month. Now, all efforts are directed toward overhauling every



One of the biggest jobs in Europe is rebuilding and repairing Army equipment for shipment to the Far East, and one of the most important phases of this huge task is handled by the General Purchasing Agent for the European Theater of Operations. On his recent tour of Europe, Business Week's Foreign Editor visited numerous factories and learned how this procurement problem is being solved by Allied officers. Here are some of his findings on details of redeployment.

rifle before it is shipped to the Far East. Belgium is handling the bulk of this business.

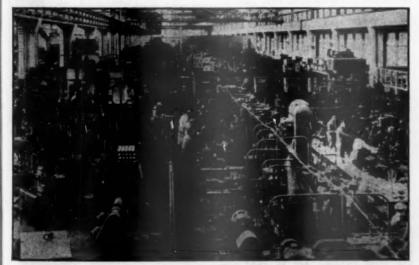
Procurement proved to be a considerably greater task than was at first anticipated, for items demanded from the Army's versatile General Purchasing Agent ultimately ranged from canoes to steel building materials and from X-ray film to snow capes.

A French manufacturer was handed a photograph of an assault boat for crossing the Rhine six weeks before the move was contemplated. A week later a model was approved, and in the following five weeks 700 units were turned out for the actual advance across the river.

• Turning Out Guns—Both French and Belgian factories have been producing 60-mm. and 81-mm. mortars. French manufacturers are completing the last of an order for 3,000 three-barrel grenade dischargers. Radio tubes were supplied the Allied forces during the early spring months, but deliveries from the U. S. have more than filled replacement needs since the beginning of May.

When the transportation problem on the Continent became acute last winter, 50 locomotives which had not been in use in Britain for more than a year and which were in serious need of repair were shipped to France and sent to local repair shops for a complete overhauling. Now Army locomotives are regularly being repaired in French shops, and the business is expected to continue until redeployment is completed. More than 1,900 Army locomotives are now in use in Europe, along with 28,000 heavy-duty freight cars brought from the U. S.

• For Essential Drivers—Tire factories are gradually being allowed to divert an increasing share of their output to European civilian use, despite the fact that many of the necessary raw materials are still supplied to them by the Army. But civilian allocations are rig-



Sharing the task of rebuilding engines of motorized weapons before they are shipped to the Pacific is Ford's Poissy plant which suffered only superficial damage from Allied air raids, its machinery escaping almost intact.



Key men in Army's rebuilding program in Europe are Brig. Gen. Wayne Allen (above), who hunts up materials, and Maj. Gen. Henry Saylor (below), who puts them to use.



idly supervised so that they cover only essential services, and local demand greatly outstrips even the enlarged

supply.

In placing orders in France, Gen. Allen has followed a uniform policy of assigning the contract to local manufacturers through the French government. As a result, all workers are hired and paid by the management of the factories. One or more Army supervisors are assigned to each plant to see that raw materials are not wasted, production is maintained at prescribed levels, and Army specifications are fulfilled. But the whole massive job of supervising 7,000 French workers in the 14 engine factories around Paris is handled by only 30 U. S. Ordnance officers and 230 enlisted men.

• Training for Big Job-Gen. Allen's experience for his European procure-

ment program was acquired in California. As purchasing agent for Los Angeles County, he had from 1937 until he entered the Army been supervising 37,000 employees and directing \$700,000,000 of purchases a year for a population of 3,500,000 people. In this capacity he supervised both the hospital and the police service and, outside the U. S. government, was the biggest buyer of drug supplies in the country.

Though only 46, he is now winding up the even bigger job of buying in most of the countries of western Europe the hundreds of supply items that have been required to keep the Army fighting and are now necessary to prepare it for the long transfer to the Far East.

Shift in Candy

Imports from Cuba, Mexico, and Argentina jump while U. S. production is restricted under wartime sugar ration quotas.

It hasn't quite come to the point where sugar-starved Americans are putting jaw-breaker candy in their coffee, but if it should there would seem to be plenty of it available (chart). It is coming chiefly from Mexico and Cuba.

• Imports Soar—Before the war candy imports were negligible in America's trade budget. About two-thirds of the volume and an even larger share of the value of candy imports came from sources outside the hemisphere—Europe, and the Far East in particular.

Even in 1944, however, when the volume of candy imports was nearly seven times as great as in 1937 (and ten times the value), it amounted to less than 20,000 tons. The United States consumes nearly 7,000,000 tons of sugar in normal years

sugar in normal years.

• Cuba Leads—The wartime import trend has been influenced by the serious entry of Mexico and Argentina as suppliers and a fantastic expansion of Cu-

ban shipments.

In 1937 Cuba supplied nearly 2,000,000 lb., but in the years 1938-42 combined, the island shipped only slightly more than that amount. In 1943, however, imports from Cuba jumped to 27,000,000 lb., and rose to 31,600,000 lb. in 1944. In the first four months of this year, Cuban shipments amounted to nearly 24,000,000 lb.—an annual rate more than double last year's.

Mexico shipped only a few hundred dollars worth of candy to the U. S. in the years 1937-42, but in 1942 supplied more than 10,500,000 lb. valued at more than \$1,200,000. An embargo on exports cut this figure to 3,500,000

lb. in 1944, and 1945 shipments have been at an even lower annual rate. Argentina entered the game only in 1940, and has steadily increased its shipments each year since.

• Average Prices Up—How much of Latin America's wartime gains will outlast the war will depend upon competitive price and quality. In 1937, candy imports averaged 11¢ a lb., but by 1940 the dual effects of supply and shipping shortages had cut imports 80% and raised the average price to nearly 21¢ a lb.

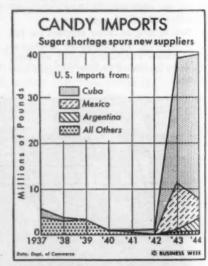
The price position of the chief wartime suppliers has followed this pattern:

| | | -Avera | age, Cents | per lb |
|------|----------|--------|------------|-----------|
| | | Cuba | Mexico | Argentina |
| 1943 | | | 111 | 21 |
| | | | 144 | 23 |
| 1945 | (3 mo.). | 121 | 241 | 26 |

Thus, while Cuba has lowered its prices to within reach of the average peacetime price of imported candy, the cost of Mexican and Argentine' candy is mounting.

 Curbed by Rations—American candy makers bemoan their inability to meet domestic demand, reflected in the rise of imports, due to continuing rationing of sugar to commercial users.

It remains to be seen whether foreign manufacturers, unaccustomed to high American standards of quality and flavor, can long retain a market in the U. S. after American producers have all the sugar they want.



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The halt in European and Japanese candy imports left the door wide open for Latin-American producers. Cuba, formerly a small supplier, walked in to grab most of the business, but Argentina and Mexico each took a share. Even in the days of short shipping, candy as a high-value cargo entered the United States in quantity.

Army Ground Forces airborne troops loading a Boeing C-97 Transport

Finish the Fight - with War Bonds

Super-transport

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The new Boeing C-97 Army Transport, military version of the mighty Stratocruiser, has already made world headlines by its record-shattering coast-tocoast flight. Crossing the continent at an average speed of 383 miles per hour is big news. But there are other facts about this versatile airplane that are just as startling. Among them are payload capacity and low operating cost.

In post-war service the Boeing Stratocruiser, accommodating 72 to 108 passengers, will make possible more comfort, safety and economy for air travelers. Cross-continent delivery of "red-ball" freight on a one-day schedule can also be regular procedure. And both fares and

cargo rates can be reduced. High cruising speed, great carrying capacity and ease of loading and maintenance give the Stratocruiser amazingly low direct operating costs.

As a military transport, the C-97 can carry 120 fully armed troops; or several score litter cases with medical attendants; or two medium-size trucks, plus other cargo. Furthermore, the trucks can drive right in, using a built-in ramp at the rear of the plane.

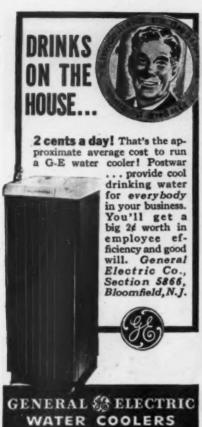
Special equipment cuts loading time to a minimum. The airplane's selfcontained electric power-hoist picks up heavy freight and positions it wherever wanted in the upper deck. At the same

time, the two lower-deck compartments can be loaded through side doors.

The aerodynamic advancements built into this first true super-transport of the future are the result of Boeing's long experience in the design and production of four-engine aircraft-the Flying Fortress and Superfortress-the Boeing Stratoliners operated by TWA and Pan American, and the Pan American transocean Clippers.

After victory, Boeing leadership in research, design, engineering and manufacture will bring you the Stratocruiser and other forward strides in air transport. You can be sure . . . if it's "Built by Boeing" it's out in front.

DESIGNERS OF THE B-29 SUPERFORTRESS . THE FLYING FORTRESS . THE NEW STRATOCAUSER THE KAYDET TRAINER . THE STRATOLINER . PAN AMERICAN CLIPPERS BOETING





John Oster Manufacturing Co.

DEPARTMENT 8-22 . RACINE, WISCONSIN

CANADA

Meatless Days

Dominion again turns to rationing as export demands go up while pork production falls off from 1944 record level.

OTTAWA-Meat rationing, abandoned more than a year ago, will return to Canada as soon as ration tokens and administrative machinery are readied.

administrative machinery are readied.

Beginning this week there will be two meatless days in restaurants. When the ration system takes hold, individuals will get 1½ lb. of meat per week, or about 2 lb. on a carcass basis (with bone). The best estimate of comparative U. S.-Canadian meat consumption puts the American per capita level at 125 lb. a year, the Canadian at 130 lb. under the new ration.

• Statistical Divergence—Officials in Ottawa and Washington, however, are quick to shy from exact comparison of meat-consumption levels because statistical methods and data are not parallel.

Canada has nearly 750,000 farms scattered over a million square miles of territory and the major administrative problem will be control of individual slaughterings. A rigid control has long been in effect at inspected slaughter houses.

Canadian meat output has been boosted nearly 90% above the level of the last five prewar years.

• Exports Are Up—After allowing for increased domestic consumption and priority needs of the armed forces, exports have been increased fivefold from 193,000,000 lb. before the war to 938,000,000 lb. in 1944. While the U. S. is exporting about 7% of its meat supply, Canada is shipping between 30% and 35% of its supply.

But reduced production and increased civilian consumption are threatening to cut Canadian exports just when overseas demand is at a peak and ships are available to move the goods.

Earlier this year, while the government was seeking suitable shipping for export of fresh meats, all canned meats were requisitioned for movement to Britain and continental Europe.

• The Production Picture—Canadian meat production, except pork, is currently higher than ever before. The decline in pork is laid to a farm labor shortage, but there are other causes.

Slaughterings of hogs were pushed up from a prewar average of 620,000,000 lb. a year to 1,400,000,000 lb. in

1943, and 1,500,000,000 lb. in 1944. But lack of young farm labor and the comparative attractiveness of cereal farming have begun to show effects. Likewise, the discovery that additional income from the pig litters that every wheat farmer was urged to raise was subject to a stiff income tax has tended to dampen earlier enthusiasm.

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• Hence a Decline—These factors are responsible for an expected decline of 300,000,000 lb. in hog slaughterings in 1945.

There is no doubt about Canada's ability to supply Britain according to agreement (450,000,000 lb. of bacon, 50,000,000 lb. of beef), but Britain and Europe can use all the additional meat

Accent on Homes

Canada can spare.

Canadian program, with an urban goal of 750,000 units in a decade, is expected to give jobs to many returning veterans.

OTTAWA—Canada has projected a housing program of 750,000 urban units in the first postwar decade, and the government is pressing for completion of 50,000 houses in the next twelve months.

• Materials Lined Up—Measures have already been taken to assure materials for the first year's quota, with special emphasis on critical materials. The abolition of the excise tax on building materials, assistance on labor procurement, and other stimuli have been instrumental in boosting materials output.

strumental in boosting materials output.

The Minister of Labor will soon appoint a senior officer in his department who will devote his full time to promoting construction. Early release of construction workers from the armed forces is being seriously considered.

• Guarantees Offered—To encourage life insurance companies to invest in low-cost housing, the Dominion government with a guarantee of 2½% return. Other home-building corporations, after their plans have been judged sound, may qualify for similar guarantees. Details are to be announced soon.

Marking the beginning of a largescale veterans' housing program, the Director of the Veterans' Land Act has accumulated supplies of essential materials and is now letting contracts for 3,000 homes on the outskirts of cities and towns.

• For Rental to Veterans—Through Wartime Housing, Ltd., the government, in agreement with a number of

BUSINESS WEEK . July 14, 1945

1944. and the municipalities, has erected more than 1,100 houses of a permanent or semicereal effects. permanent type for rental to discharged servicemen or dependents of men still ditional at every in service. Another 1,400 are under construction or under negotiation. ise was This program is over and above the tended 17,000 dwellings already completed for war workers in plant areas. tors are

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A survey of Canada's housing needs, by the Advisory Committee on Construction in Ottawa, has revealed that in addition to the 750,000 units needed during the next decade for urban areas. 125,000 new farm dwellings will be required to maintain standards.

• Improvement and Repair-Apart from new building, the Dominion survey disclosed that improvement and repairs are needed for about 355,000 urban and 188,000 rural dwellings at an estimated cost of \$235,000,000. The new-building program will call for expenditures-private and government-of between \$2,000,000,000 and \$3,000,-000,000 over the ten-year period.

TO PROTECT MARKETS

Two recent industrial developments in Canada are aimed at maintaining a place for Canadian industry in home and foreign markets:

(1) Agricultural implement manufacturers-who have no tariff protection against American producers competing in the Canadian market-are expanding their production capacity. Massey-Harris Co. of Toronto is spending \$2,000,000 on a plant to produce combines for which there is a big backlog of home demand. Steps to allocate a portion of output for export are expected to come from the industry itself.

(2) Paper and pulp companies are projecting heavy investment in new equipment to modernize their plants in anticipation of heavy competition from Scandinavia.

FROM GUNS TO REELS

TORONTO-One of the largest Canadian munitions makers, John Inglis Co. Ltd., Toronto (making ship's boilers, Bren guns, revolvers, and other weapons), has created a sporting goods division and will manufacture, and distribute exclusively in Canada, Shakespeare fishing reels and tackle. This equipment is made in the United States by the Shakespeare Co., Kalamazoo, Mich.

A division has also been set up for consumer products, to make precision parts and components and provide engineering service to Canadian manufacturers of automotive equipment, refrigerators, washing machines, and similar

ADVERTISERS IN THIS ISSUE

Business Week-July 14, 1945

| THE ADDRESSOGRAPH-MULTIGRAPH |
|--|
| CORP |
| Agency—The Griswold-Eshleman Co. AIR REDUCTION SALES CO. 62 |
| |
| ALLEN CALCULATORS INC |
| |
| AMERICAN ENCINEERING |
| Agency—John Falkner Amdi & Co. AMERICAN FELT CO. Agency—G. M. Basford Co. AMERICAN LOCOMOTIVE CO. Agency—Kenyon & Eckhardt Inc. |
| Agency—G. M. Basford Co. AMERICAN LOCOMOTIVE CO. |
| Agency—G. M. Basford Co. AMERICAN LOCOMOTIVE CO. 92 Agency—Kenyon & Eckhardt, Inc. AMERICAN PHOTOCOPY EQUIPMENT CO. 119 Agency—Klay-Van Pietersom-Duniap Assec, Inc. |
| CO |
| CO. TELEPHONE & TELEGRAPH |
| Agency—N. W. Ayer & Son, Inc. AMERICAN WRITING PAPER CO. 41 Agency—du Pant & Caballe To. |
| Agency du Pent & Cahalin, Inc. |
| Agency—Ivey & Ellington, Inc. ANCHOR POST FENCE CO. 42 Agency—VanSant, Durdele & Co. 75 |
| ANCHOR POST FENCE CO. 42 |
| Agency—VanSant. Dugdale & Co., Inc. ASSOCIATION OF AMERICAN RAILROADS 97 |
| THE AUTOCAR CO |
| BALDWIN LOCOMOTIVE WORKS INC. 71 |
| Agency—VanSant, Dugdale & Co., Inc. ASSOCIATION OF AMERICAN RAILROADS Agency—Arthur Kudner, Inc. THE AUTOCAR CO. Agency—Gray & Bagers BALDWIN LOCOMOTIVE WORKS, INC 71 Agency—Ketchum, MacLood & Grove, Inc. BANTAM BEARING DIVISION, THE TORRINGTON CO. Agency—Hasard Advertising Company BEMIS BROS. BAG CO. |
| BANTAM BEARING DIVISION, THE TORRINGTON CO. 107 Agency—Hazard Advertising Company BEMIS BROS BAG CO. 103 Agency—Gardner Advertising Co. 118 Agency—Arthur Rudger, Inc. 118 Agency—Arthur Rudger, Inc. 115 Agency—N. W. Ayer & Son. Inc. 115 Agency—N. W. Ayer & Son. Inc. 115 Agency—Nelvin F. Hall Adv. Agency, Inc. 116 CHASE BRASS & COPPER CO. 94 Agency—Newell Emmett Co. 94 |
| Agency—Gardner Advertising Co |
| BETTER HOMES & GARDENS |
| BOEING AIRPLANE CO |
| BUFFALO FORGE CO |
| CHASE BRASS & COPPER CO. |
| CHASE BRASS & COPPER CO. M. Agency—New II- Emmett (n. CHASE NATIONAL BANK OF THE CITY OF NEW YORK. Agrees—Albert Frank-Guenther Law, Inc. CLARAGE FAN CO. 12 Agency—W. J. Williams Adv. Agency J. CLEAYER-BROOKS CO. 29 Agency—Riau. Van Pietersom-Dunian Assoc. Inc. CLEYELAND PNEUMATIC TOOL CO. 29 Agency—The Bayles-Kerr Co. COOPER-BESSEMER CORP. 43 Agency—The Grisson-Obstication Co. HE DELTA MANUFACTURING CO. 31 Agency—Hofman & York |
| Agency—Albert Frank-Guenther Law Inc. |
| Agency W J Williams Adv Asset 12 |
| CLEAVER-BROOKS CO |
| CLEVELAND PNEUMATIC TOOL CO 29 |
| COOPER-BESSEMER CORP. 43 |
| THE DELTA MANUFACTURING CO. |
| Agency—The Bayless-Kerr Co. |
| Agency—The Bayles-Kerr Co. ELECTRIC STORAGE BATTERY CO. 4 Agency—Geare-Marston, Inc. ERIE RAILROAD CO. 4 Agency—The Griswold-Eshleman Co. ETHYL CORP. |
| Agency—Geare-Marston, Inc. |
| Agency—The Griswold-Eshleman Co. |
| Agency Batten, Barton, Dursting & Osborn, Inc. |
| ETHYL CORP. Agency—Batten, Barton, Duratine & Osborn, Inc. FELT & TARRANT MANUFACTURING CO. 23 Agency—N. W. Ayer & Son, Inc. FIRST BOSTON CORP. Agency—Doremus & Co. |
| FIRST BOSTON CORP |
| Agency—Doremus & Co. THE FOXSORO CO. 50 Agence—Horton-Noyes Co. FICK CO. 4gency—Waynesboro Adv. Agency 66 66 67 68 68 68 68 68 68 68 68 68 68 68 68 68 |
| FRICK CO |
| FULTON SYLPHON CO |
| Agency — Waynesboro Adv. Agency FULTON SYLPHON CO. 55 Agency — Walter Thompson Co. 55 GENERAL ELECTRIC CO. 72 Agency — Benton & Bowles |
| |
| THE S.F. GOODRICH CO. |
| GOODYEAR TIRE & RUBBER CO., INC. 40. 41 |
| W. C. HAMILTON & SONS |
| |
| Agency—Arthur R. Moggo, Inc. |
| Agency—Ketchum, MacLeod & Grove, Inc. |
| Agency—Fuller & Smith & Ross Inc. |
| Agency—The Griswold-Eshleman Co. |
| Agency—Aubrey, Moore & Wallace, Inc. |
| HEIN-WERNER MOTOR PARTS CORP. 66 Agency—Aribur B. Mogge, Inc. 46 Agency—Ketchum, MacLeod & Grove, Inc. 46 Agency—Fuller & Smith & Ross Inc. 81 Agency—Fuller & Smith & Ross Inc. 1 Agency—The Griswold-Enhieman Co. 1 Agency—The Griswold-Enhieman Co. 1 INTERNATIONAL MINERALS & CHEMICAL CORP. 1 INTERNATIONAL MINERALS & CHEMICAL CORP. 100 Agency—C. Franklin Brown & Co. 100 |
| C. WALKER JONES CO |
| KAUMAGRAPH CO. 33 |
| Apono For & Mackensie THE KELLY-SPRINGFIELD TIRE CO |

| LAVELLE AIRCRAFT CORP |
|--|
| LAYELLE AIRCRAFT CORP |
| Agency—Folta-Wessinger, Inc. |
| LOUDEN MACHINERY CO. 56 Jorney-Kirksauser-Drew LYON METAL PRODUCTS, INC. 45 MANNER MAXWELL AND MOORE, INC. 43 Jorney-Brissa & Variey, Inc. |
| Agency—Evans Associates, Inc. |
| INC. |
| MARSH STENCIL MACHINE CO. 42 |
| McGRAW-HILL BOOK CO. INC. 48 |
| McQUAY-NORRIS MFG. CO |
| MERCURY MANUFACTURING COMPANY. 83 |
| MARSH SIENCIL MACHINE CO. 42 Agency Erupnick & Assoc. McGRAW-HILL BOOK CO., INC. 68 McQUAY-NORRIS MFG. CO. 91 Agency—D'Arcy Adv. Co., Inc. MERCURY MANUFACTURING COMPANY. 81 Agency—O'Grady-Anderson METROPOLITAN LIFE INSURANCE CO. 25 Agency—Tours & Bulleam Toe. |
| METROPOLITAN LIFE INSURANCE CO 25 Apmay—Young & Rubleam, Inc. MICHIGAN SMELTING DIV. BOHN ALUMINUM & BRASS CORP |
| Apency Zimmer-Keller, Inc. |
| COST |
| CO. Agrees—Addison Lewis & Associates MUEHLHAUSEN SPRING CORP. 40 perspecarior, Jones and Taylor NEKOOSA-EDWARDS PAPER CO. 73 |
| NEKOOSA-EDWARDS and Taylor |
| Apency—The Cramer-Krasselt Co. |
| APROCHED THE CRAINER CO. 73 APROCHED THE CO. 11 THE NEW JERSEY ZINC CO. 11 NORFOLK & WESTERN RAILWAY CO. 87 APROCHED THE CO. 87 |
| THE OSBORN MARILEACTURING OF |
| JOHN OSTER MFG. CO. |
| Agency—The Griswold-Eshleman Co. JOHN OSTER MFG. IDI |
| ANILINE & FILM CORP |
| Agency-John O. Powers Co |
| ANTLINE & FILM CORP. 101 Aorney—Young & Rubleam, Inc. PACKAGE MACHINERY CO. 49 Aorney—John D. Powers Co. PORTLAND CEMENT ASSOCIATION. 47 Agreey—Roche, Williams & Cleary, Inc. QUINCY COMPRESSOR CO. 100 Agreeu—L. W. Bamsey Co. |
| QUINCY COMPRESSOR CO |
| REMINGTON RAND, INC |
| Agree—L. W. Ramsey Co. REMINGTON RAND, INC |
| Agmosy—Leeford Adv., Agency, Inc. REVERIC RUBBER DIV. LEE RIBBER & TIRE CORP. Agmosy—Wearstler Advertising, Inc. REVERE COPPER AND BRASS, INC. 39 Agmosy—St. Georges & Keyes, Inc. RISING PAPER CO. Agmosy—J. M. Mathes, Inc. ROHM & HAAS COMPANY. Agmosy—J. M. Mathes, Inc. ROHM & HAAS COMPANY. Agmosy—J. M. Mathes, Inc. RUSTLESS IRON & STEEL CORP. 85 Agmosy—J. Waiter Thompson Co. SHELL OIL CO. SHELL OIL CO. SOCONY-VACUUM OIL CO., INC. 2nd Cover Agmosy—J. Waiter Thompson Co. STROMBERG-CARLSON COMPANY. 95 Agmosy—Nevell-Emmet Co. TAL'S PRESTAL BENDER. 4gmosy—McCann-Drictosco Inc. STLANDER CO. TAL'S PRESTAL BENDER. 4gmosy—Chas. Melssner & Assoc. Inc. 10D CO. INC. 105 Agmosy—The Merrill Anderson Co. THE TORRINGTON CO. 106 Agmosy—The Merrill Anderson Co. TALFORD CO. 106 Agmosy—The Carlier Co. 107 Agmosy—The Starlier Co. 107 Agmosy—The Carlier Co. 108 Agmosy—The Carlier Co. 109 109 100 100 100 100 100 100 100 10 |
| Agency—St. Georges & Keyes, Inc 39 |
| Agency—J. M. Mathes, Inc. |
| Agency—Newell-Emmett Co. 59 |
| RUSTLESS IRON & STEEL CORP |
| Agency-J. Walter Thompson Co. 3rd Cover |
| SOCONY-VACUUM OIL CO., INC. 2nd Cover |
| SOUTHERN RAILWAY SYSTEM |
| STROMBERG-CARLSON COMPANY 95 |
| SYLVANIA ELECTRIC PRODUCTS, INC 89 |
| TAL'S PRESTAL BENDER |
| TODD CO. INC. 65 |
| THE TORRINGTON CO |
| UNION PACIFIC RAILROAD |
| UNION SECURITIES CORP |
| UNITED STATES STEEL CORP |
| Agency—Batten, Barton, Durstine & Osborn, Inc. VAUGHN MOTOR CO |
| Agency-House & Leland |
| THE VICTOR SAFE & EQUIPMENT CO., |
| INC. 90 |
| INC. 90 Agency—Leeford Adv. Agency. Inc. 90 WARREN WEBSTER & CO. 8 |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency, Inc. WARREN WEBSTER & CO. Agency—William Jenkins Advertising THE WAYNE PUMP CO. Agency—Bonsib Adv. Agency THE WEATHERNEAD CO. 4th Cover |
| Agency Leeford Adv. Agency Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
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| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |
| Agency—Leeford Adv. Agency. Inc. WARREN WEBSTER & CO |



Ask the man back from Europe on a furlough. The whole world can't hold a candle to that little shivery bang of the screen door, the sound of his mother's laugh, the feel of his favorite chair, the smell of chicken frying. Home is heaven. And all his dreams and plans-all his spending-will be for the home he and his wife will make when he gets back for good. Millions of this man after the war will make the biggest demand in history for everything families need. Better Homes & Gardens is built around families in homes; there's no place like it to sell everything that goes into homes.



THE MARKETS

(FINANCE SECTION-PAGE 52)

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The announcement that the Federal Reserve Board had decided to hike minimum margin requirements immediately from the prevailing 50% rate up to 75% of a security's purchase price was obviously too important to be entirely disregarded by stock market prices.

garded by stock market prices.

No Great Surprise—Because of earlier persistent rumors (BW—Mar.31'45, pl18), however, the higher margins came as no great surprise to investors or traders. The period of unsettlement which followed, as a result, turned out to be a short-lived affair. Also, as many Wall Street bulls had predicted during the rumor stage, the price spill was of relatively mild proportions.

Within a day's time, in fact, stock market prices actually started to show rising tendencies. In the Big Board trading sessions which have followed, more gains than losses have resulted, and the plus signs evidenced have been particularly noticeable among the better grade common stocks.

• Notable Performers—Especially outstanding has been the performance in recent days of American Tel. & Tel. shares. By Tuesday of this week, that issue was selling almost \$10 above its low of a week ago. Sears Roebuck, due to rumors of a coming stock splitup, subsequently confirmed, advanced almost \$6. Many other issues of like standing showed gains of as much as \$4.50 over their last week's lows.

The more speculatively inclined traders have had something to feel cheerful about in recent days, too. Among their current favorites, Nickel Plate, Missouri-Kansas-Texas, and American Woolen preferreds had risen \$4 or so by Tuesday. And gains up to almost \$4 had been

rung up by such other popular mediums as New York Central, Southern Pacific, Illinois Central, and Southern Ry. commons.

Daily trading volume, however, has dropped drastically since higher margins were made effective and Big Board activity has since been running at levels well under the traditional 1,000,000-share yardstick. Moreover, despite the rise in the better grade issues, brokers still aren't entirely satisfied with the leadership of the recent rally.

• No Wild Enthusiasm—Wall Street generally isn't so sure, either, about the basic power behind the recent rallying tendencies. Some believe the upward move has been due to technical reasons rather than to any other cause, and at the moment not even the normally bullish are reported to be wildly enthusiastic over the possible near-term price trend. The more pessimistically inclined, moreover, wouldn't be at all surprised if the weakness that began to show up in Wednesday's Big Board proceedings might not be signaling the start of a severe testing of the lows registered earlier this month.

Security Price Averages

| This Week | Week Ago | Month Ago | Year Ago |
|--------------------|-------------|--------------|-------------|
| Stocks | 7 | | |
| Industrial144.7 | 143.8 | 144.0 | 131.0 |
| Railroad 58.9 | 58.7 | 57.0 | 43.3 |
| Utility 72.3 | 72.4 | 68.8 | 55.4 |
| Bonds | | | |
| Industrial122.3 | 122.1 | 122.2 | 121.0 |
| Railroad115.5 | 115.5 | 115.4 | 106.5 |
| Utility116.8 | | 116.8 | 116.4 |
| Data: Standard & F | oor's C | orp. | |

COMMON STOCKS-A WEEKLY RECORD 1160 150 150 50 Industrials 130 ++++++++++++ Week's Higi Close - Week's Lo (1926 = 100) 55 55 45 July Aug. Sept. Oct. Nav. Dec. Jan. Feb. Mar. Apr. May June July 1944

THE TRADING POST

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Anyone who believes that Hitler started this war, or that it is merely a continuation of the 1914-18 conflict, undoubtedly can profit by spending several hours with Kurt London's "Backgrounds of Conflict" (The Macmillan Conflict" (The Macmillan Conflict" (The Macmillan Conflict" (The Macmillan Conflict")

Co., New York, 487 pp., \$5).

This isn't the type of book that one should select for reading in a hammock on a summer afternoon. It probably will not appeal to the man who believes that America, by tending to its own business, can avoid being entangled in future wars. But to the thinking man who realizes that a better understanding of the basic causes of international conflict may help him play a small part in preventing another war, this book reviews, in scholarly style, the developments that made the current struggle inevitable.

Dr. London, who has lived, studied, and taught in most of the nations of Europe as well as in the United States, seeks to make clear the principal differences in the first and second world conflicts of this century.

The first war, he says, climaxed an era of political and economic imperialism. Imperial wars are fought for colonies, markets; or prestige. No matter who wins, the societies and governments of the combatants are left almost undisturbed.

Before 1914 the capitalist economy was almost universal. The trend long had been toward democracy. Almost everyone assumed, after the armistice, that the old order would return. The social unrest and occasional outbursts of international aggression were regretted but were considered a necessary part of the readjustment.

Because the world could not, or would not, read the signs, the stage was set for another war—an ideological war, rather than an imperialistic one. Economic and political motives were present in 1939, as they were in 1914, but the basic difference was that, in addition to seeking territory and prestige, the Axis powers were fighting in the belief that one nation, one race, or one political creed was superior to all others.

The victor in an imperialistic war is content merely to weaken the opponent. But the conqueror in a "holy" war cannot stop there. He must seek to change the thinking of the defeated enemy. Those who do not fit into the new order must be destroyed, along with all laws and institutions that were based on

ideas that are found to be antagonistic to the doctrines of the victors.

Now ideological wars are not new. But in the past most of them have been religious wars. The Mohammedan holy wars and the Crusades are typical examples.

The world probably failed to see the new war coming because it was unable to believe that people would rally to the support of a new form of worship—that of the state. But rally they did, and the stage was set for conflict between totalitarianism and democracy.

Totalitarianism took several forms. Italian Fascism first was hailed as the defender of capitalism. But the corporate state soon regimented the whole economy. In Japan the economy remained essentially capitalistic throughout, but only because the small group at the top of the feudal caste system was made up of men who were both capitalists and supporters of national imperialism, as executors of the divine will of the emperor.

Nazi Germany enacted no legislation against capitalism but the effect was virtually the same as though a nationalization decree had been issued.

In all these cases there was one common factor—a form of ancestor worship. In Japan it is a part of the national religion. Hitler sought a return to the days of Nordic supremacy. Mussolini wanted to revive the glories of the old Roman Empire.

Dr. London has not ignored Russia in his study of the totalitarian states. But he puts the Soviet Union in a special category, and believes that conflict between it and the democracies need not be considered inevitable.

In the first place, the trend toward equalizing economic privilege, one of the mainstays of Communism, is spreading in the democratic countries. The problems of postwar economic rehabilitation are so great that planning and regulation at the government level appear to be necessary for a long time, he feels

Meanwhile, Soviet socialism remains in a state of transition. Stalinism today is filled with contradictions but it is a long way from being pure Marxism, or even the Stalinism of 1924.

Durable peace, the author believes, can come only with universal acceptance of international law, which would mean surrender of some sovereign rights. He fears this must be regarded as only a distant possibility.



THE TREND

ECONOMIC CONTROLS: TODAY AND TOMORROW

Much has been said and written about when and how to end wartime controls, and the discussion has been characterized by considerable controversy. Yet it remains hard to pin down the specific points of difference. We know for one thing that there is a clash over the philosophy of control and for another that there is divergence in economic expectation as to postwar inflation or deflation (BW-May19'45,p120).

• Confusion about the purpose and nature of wartime controls is still another source of controversy. Thus on one side, some labor groups protest that WPB should take "more specific action" to avoid "a collapse of employment," disregarding the fact that WPB controls—allocation, scheduling, and bottleneck-busting—simply have nothing to do with such major job problems as putting government war plants into civilian production. And on the other side, some business groups have been arguing for a very rapid release of WPB controls, disregarding the fact that in the face of scarce and uneven supplies for filling bills of materials, WPB cannot relax its controls without scrambling civilian output.

The bare fact of the matter is that WPB knows that it must both program and limit peacetime production during initial reconversion and drop its restrictions when they no longer perform their function—or even threaten to get in the way. And most level-headed persons on both sides of the argument largely agree with such practical decisions. In the nature of the economic case, people have less to argue about in the framing of such concrete policies than would seem to be the case from their clash on the grounds of broad theory.

• Much the same situation prevails with respect to price control. There are few partisans of unrestricted free enterprise who would jettison the present system right now, for all the complaints about day-to-day administration. And the proponents of control know well enough that ceilings will lose their point if and when economic deflation really sets in. So the lifting of price controls also is primarily a problem of detail and timing—important and difficult withal, but not so controversial as the disputants seem to make it in the abstract.

As the last report of the Director of War Mobilization & Reconversion remarks: "Again in price control, the timing—the state of reconversion—will determine how many exceptions must be made to a general policy of removing ceilings."

One reason for much of the unrealistic controversy about ending wartime controls is the widespread misunderstanding of the difference between these controls designed to combat inflation and the possible peacetime controls aimed at combating deflation or expected deflation. Business Week observed months ago that "controls can work two ways—there can be price and wage floors as well as ceilings, stimuli to production (such as public works) as well as limits, cushioning of unemployment as well as restrictions on employment" (BW—Jan.6'45,p120).

For example, neither in nature nor in purpose, in administration nor effect, is unemployment insurance the same as a job-freeze—indeed, quite the opposite. Similarly, a public works program is not the same as a production limitation order; a price floor is not the same as a ceiling. All that these devices have in common is that they are direct economic controls.

There is a recognized deep-seated difference of opinion over the broad question of how far we should go in using antideflation controls in peacetime. But this problem is something quite apart from the question of ending present wartime controls because entirely different controls are involved. And it is the failure to recognize this difference which carries a real controversy over into an unrealistic context.

• There are understandable reasons for this mixup. Superficially, it seems to be a question of control policy in general. For at the end of the war we may face alternately inflation and deflation, and so a problem of two sets of controls. There is even pressure in some quarters to convert one or two wartime controls to peacetime antideflation use—to employ price and wage controls, for example, as a means toward a low-profit, high-volume postwar economy.

However far we decide to use peacetime controls in combating potential deflation, there will be difficulties enough in demobilizing wartime controls, particularly as we get near a turning point in the general business scene. The job will take great skill and understanding. As R. C. Leffingwell of J. P. Morgan & Co. remarks in the current Yale Review: "It is much easier to stop an inflation than to stop a deflation." And so we shall want to get rid of anti-inflation controls promptly. Yet we shall also want to be cautious, because inflation, and its problem of controls, may surprise us again even after some deflation has set in—as occurred in 1918-1920 (BW—Mar.27'43, p108).

• To sum up, we have been arguing about wartime controls when what actually divides us most is peacetime controls aimed against deflation. Mixing up the two things doesn't help—either to make the practical decisions on how to unwind controls today, or to frame the broad policies on whether to use controls tomorrow.

The Editors of Business Week

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